FIPI

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OIL & GAS MARKET



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Impact on India's Oil & Gas Sector

India's oil and gas sector continues to play a critical role in supporting economic growth, industrial activity, mobility and national energy security. The broader economic environment in October 2026 remained resilient, with major international institutions revising India's growth projections upwards. The World Bank projected GDP growth of 7.1% for FY2026-27, while the IMF and Reserve Bank of India (RBI) projected growth of 7.0% and 7.1%, respectively. Strong domestic demand, infrastructure investment and manufacturing activity provide a favourable environment for energy demand. However, elevated global energy prices, geopolitical uncertainties, rising inflation and persistent weakness in domestic hydrocarbon production remain key challenges for the sector.

Strong economic growth supporting energy demand

India's robust economic expansion is expected to sustain demand for petroleum products and natural gas across transportation, manufacturing, power generation, petrochemicals and other industrial segments. Real GDP grew by 7.8% year-on-year in the first quarter (April-June) of FY2026-27, compared with 6.9% in the corresponding quarter of the previous year. The World Bank attributed the strong performance to resilient domestic demand, public investment and supportive financial and policy conditions.

High-frequency indicators also point towards continued economic momentum. The HSBC India Composite PMI rose to a four-month high of 56.2 in October 2026, while the Manufacturing PMI remained in expansionary territory at 54.7. The services sector also strengthened, with the Services PMI increasing to 55.8. This sustained expansion in industrial and services activity is expected to support consumption of transportation fuels, refinery products, natural gas and petrochemical feedstocks.

Refining and petroleum products remain strong

India's downstream petroleum sector demonstrated strong performance in September 2026. Refinery products recorded year-on-year growth of 10.3%, rebounding from 5.6% in August. Given their significant weight of 22.572% in the Index of Eight Core Industries, refinery products remain an important contributor to overall industrial growth. The broader Index of Core Industries registered growth of 7.9% in September, its fastest pace under the current series, reflecting improved performance across several infrastructure-related sectors.

India's petroleum product exports also maintained strong momentum. Petroleum product exports increased by 31.90% year-on-year in September 2026 to US$6.22 billion. This reflects the continued importance of India's refining capacity in meeting both domestic requirements and international market demand. The strong export performance reinforces the potential of the downstream sector to contribute to India's external trade, foreign-exchange earnings and position as a major global refining hub.

Domestic crude oil and natural gas production remains a concern

Despite the strong performance of the downstream sector, domestic upstream production continues to face structural challenges. In September 2026, crude oil production declined by 1.4% year-on-year, while

natural gas production contracted by 4.6%. Although the rate of decline moderated compared with August, both segments have recorded negative growth in every month over the past year.

The cumulative performance during April-September 2026-27 also remained subdued, with crude oil production declining by 3.7% and natural gas production by 4.4%. This persistent decline in domestic hydrocarbon production, particularly amid elevated international energy prices, highlights India's continued vulnerability to external supply disruptions and commodity-price volatility.

The trend underscores the importance of strengthening domestic exploration and production activities, accelerating the development of discovered resources, improving recovery from mature fields and deploying advanced technologies in exploration and production operations. Greater domestic hydrocarbon production would be essential for enhancing energy security and reducing dependence on imported energy resources.

Elevated energy prices and inflationary pressures

Energy-price volatility remains a significant concern for the oil and gas sector and the broader economy. Wholesale Price Index (WPI) inflation increased to 11.39% in September 2026 from 9.92% in August, while inflation in the Fuel and Power category accelerated to 25.85% from 22.93%.

Within the Fuel and Power category, inflation in mineral oils (petroleum products) increased to 40.02%, while inflation in crude petroleum and natural gas surged to 57.32% from 34.41% in August. These increases indicate substantial cost pressures across the energy value chain, with potential implications for transportation, manufacturing and other energy-intensive industries.

The increase in global energy prices also has implications for India's external sector, given its dependence on imported crude oil and other energy resources. During April-September 2026-27, merchandise imports increased by 16.31% to US$437.53 billion, while the merchandise trade deficit widened to US$177.64 billion. Higher energy import costs can further add to the external trade burden and increase exposure to international market volatility.

Outlook

India's strong economic growth, expanding manufacturing and services activity, robust core-sector performance and rising petroleum product exports provide a favourable outlook for the oil and gas sector. The downstream segment, in particular, continues to demonstrate resilience and remains an important contributor to industrial activity and external trade.

Going forward, the sector's ability to balance growing energy demand with energy security will depend on accelerating domestic exploration and production, enhancing recovery from existing fields, promoting technological innovation, strengthening refining capabilities, diversifying energy imports and improving operational efficiency. These measures will be critical to reducing import dependence, mitigating external vulnerabilities and supporting India's long-term energy security objectives.

Executive Summary

The global economy has continued to withstand the economic fallout of the war in the Middle East, but its resilience is increasingly uneven and is coming at a rising cost. The International Monetary Fund's World Economic Outlook (WEO), October 2026, titled “Resilience Under Strain, Urgent Choices” and released during the IMF-World Bank Annual Meetings in Bangkok, projects global growth to slow from 3.5% in 2025 to 3.1% in 2026, before recovering to 3.4% in 2027. The 2026 projection is unchanged from the April 2026 WEO, despite a more persistent disruption to energy markets than earlier assumed, while the 2027 projection has been revised up by 0.2 percentage point. Global headline inflation is projected to rise to 4.7% in 2026, reflecting mainly higher energy and food prices, before easing to 4.1% in 2027. Core inflation is projected at 3.9% in 2026 and 3.7% in 2027.

It is worth noting that the major forecasters measure global growth on different bases. The IMF's headline figure of 3.1% uses purchasing-power-parity (PPP) weights; on a market-exchange-rate basis, the IMF projects global growth at 2.5% in 2026 and 2.8% in 2027. On a comparable market-exchange-rate basis, S&P Global Market Intelligence's October 2026 Global Economic Outlook projects 2.6% for 2026, as do UNCTAD's Trade and Development Report 2026 and the WTO, which projects global GDP growth of 2.6% in 2026 and 2.9% in 2027.

India remains the fastest-growing major economy and the principal engine of growth in South Asia. The World Bank's October 2026 South Asia Economic Update, titled “Adopting AI for Growth”, raised India's FY2026-27 growth forecast by 0.5 percentage point to 7.1%, citing the stronger-than-expected outcome in the first quarter, resilient domestic demand and strong exports. The World Bank projects the South Asia region to grow by about 6.8% a year on average during 2026-27, noting that resilient domestic demand has supported rapid growth despite costly energy imports and limited participation in global value chains for AI-related goods.

The IMF's October 2026 World Economic Outlook projects India's growth at 7.0% in FY2026-27 and FY2027-28, equivalent to 7.4% in calendar year 2026 and 7.0% in 2027, citing stronger-than-expected momentum, resilient domestic demand and robust services activity. The IMF also highlighted India as an exception among energy-importing emerging economies, with upward revisions to its medium-term outlook reflecting favourable demographics, a large and expanding domestic market and continued structural reforms. UNCTAD's Trade and Development Report 2026 projects India's growth at 7.3% in calendar year 2026, while the Asian Development Bank's September 2026 Asian Development Outlook had projected 7.0% for FY2026-27.

Retail inflation accelerated in September 2026. According to the Ministry of Statistics and Programme Implementation (MoSPI), year-on-year inflation based on the All-India Consumer Price Index (CPI, base 2024=100) rose to 5.54% (provisional) in September 2026 from 4.83% (final) in August, the highest reading of the year so far and well above the RBI's 4% target. Rural inflation rose to 6.08% from 5.24%, while urban inflation increased to 4.88% from 4.31%.

The Reserve Bank of India's Monetary Policy Committee (MPC), at its 63rd meeting held from 5 to 7 October 2026, unanimously decided to raise the policy repo rate under the liquidity adjustment facility by 25 basis points to 5.50%, the first increase since February 2023. Consequently, the Standing Deposit

Facility (SDF) rate was adjusted to 5.25%, and the Marginal Standing Facility (MSF) rate and the Bank Rate to 5.75%. The MPC also changed its policy stance from neutral to calibrated tightening, signalling that further increases cannot be ruled out if inflationary pressures persist.

Private-sector activity strengthened in October 2026, led by the services sector. According to HSBC and S&P Global, the HSBC India Composite PMI Output Index rose to 56.2 in October from 55.9 in September, indicating the fastest increase in aggregate output in four months. New business at the composite level also expanded at the quickest rate since June. Encouragingly, input cost inflation eased to an 11-month low across the private sector, and the rate of increase in prices charged was the softest since February 2022. However, job creation softened and business confidence weakened.

India's foreign exchange reserves declined steadily during October as the RBI intervened in the foreign exchange market to manage pressure on the rupee. According to the RBI's Weekly Statistical Supplement, total reserves stood at US$719.75 billion as of 23 October 2026, down US$1.27 billion during the week and about US$66 billion below the record high of US$785.71 billion reached on 4 September. Reserves nevertheless remained US$28.64 billion higher than at the end of March 2026 and US$24.39 billion higher than a year earlier. Foreign currency assets, the largest component, stood at US$593.21 billion, while gold reserves amounted to US$103.15 billion, SDRs to US$18.61 billion and the reserve position with the IMF to US$4.79 billion.

As far as oil and gas industry is concerned, a recovery in Middle East oil supply was well underway in September, with Gulf crude oil exports approaching pre-war levels. However, the recent escalation in attacks on regional energy infrastructure and tanker traffic is threatening to derail further gains. At the same time, record tanker rates raised crude delivery costs and eroded refinery margins. Brent crude futures have risen by 13% since the start of September to around $107/bbl. Physical markers have increased much more, with North Sea Dated up by 43% to $134/bbl and other North Sea grades trading up to $160/bbl.

Crude oil exports from Gulf producers, led by Saudi Arabia, surged by 4.4 mb/d to 13.9 mb/d in September, reaching over 75% of pre-war levels as supply recovered strongly and inventories were drawn down. Robust Gulf of Oman ship-to-ship transfers helped lift total oil flows through the Strait of Hormuz by 3.7 mb/d to 10.9 mb/d, while the swift return of East-West pipeline flows increased overall bypass exports by 970 kb/d to 5.6 mb/d. The strong rebound raised estimated global supply for 3Q26 by 190 kb/d compared with last month’s Report. However, due to heightened security concerns amid increased Houthi attacks in the region in October, we have left the projections for the remainder of the year largely unchanged. As such, global oil supply is expected to average 101.4 mb/d over the second half of the year, up from 96.4 mb/d in 2Q26.

Refined product and LPG shipments from the Middle East have risen much more slowly than crude oil flows and remain below half of their pre-war levels. Refined products rose by 210 kb/d to 1.9 mb/d in September, while LPG increased by 90 kb/d to 670 kb/d – from pre-war levels of 4.7 mb/d and 1.5 mb/d, respectively. Continued disruptions to Middle East exports, compounded by lower supply from Russia and some Asian countries, cut global diesel/gasoil availability by 1.5 mb/d in 2Q26 and 1.7 mb/d in 3Q26 compared with a year earlier, putting diesel markets under extreme pressure.

Hedge funds and other money managers increased their bullish positions in the ICE Brent and NYMEX WTI markets in the first half of September, buying the equivalent of about 38 mb of crude and raising combined futures and options net long positions by 9.1% in reaction to geopolitical developments. Speculators then reversed part of their buying in the second half of the month, with combined net long positions falling back in the week of 29 September to their lowest level since early August. Despite elevated geopolitical risk and higher crude prices, speculative buying remained relatively restrained, as money managers maintained cautious positioning amid high uncertainty and the possibility of a rapid reversal in the geopolitical situation.

Natural Gas spot prices at the US Henry Hub benchmark averaged $2.95 per million British thermal units (MMBtu) in September 2026. Henry Hub natural gas prices increased by ~6.1%, m-o-m, in September. Prices received support from stronger power-sector gas demand and seasonal demand expectations ahead of winter. However, higher storage levels limited upward pressure. According to data from the US Energy Information Administration (EIA), average weekly underground storage rose by 4.7%, m-o-m, over the same period. Prices were down by 0.7%, y-o-y.

Economy in Focus

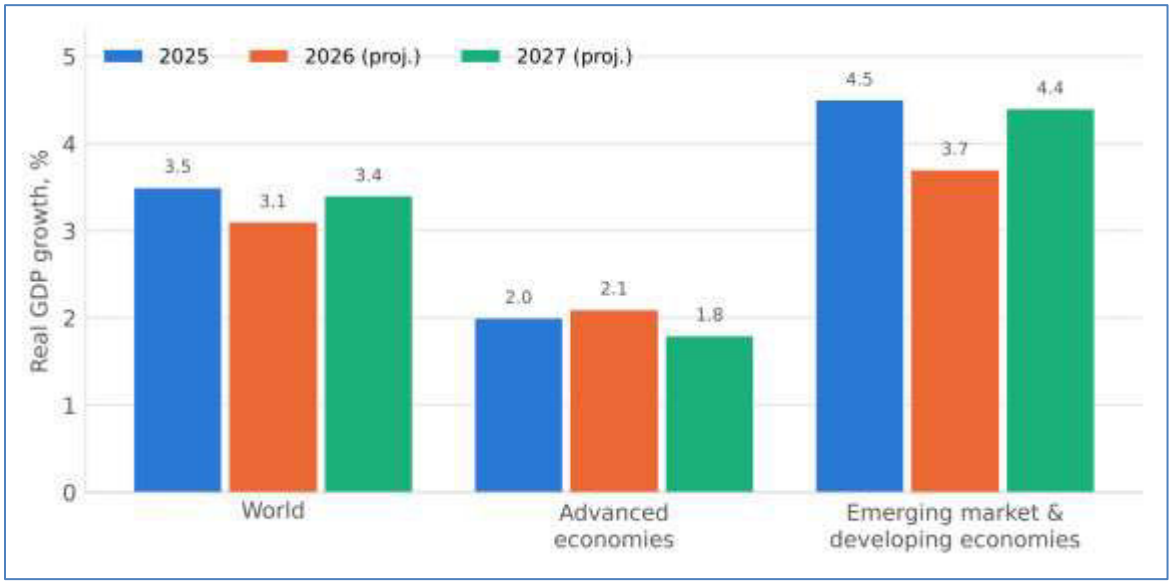
1) Global Economic Outlook

a) A snapshot of the global economy

The global economy has continued to withstand the economic fallout of the war in the Middle East, but its resilience is increasingly uneven and is coming at a rising cost. The International Monetary Fund's World Economic Outlook (WEO), October 2026, titled "Resilience Under Strain, Urgent Choices" and released during the IMF-World Bank Annual Meetings in Bangkok, projects global growth to slow from 3.5% in 2025 to 3.1% in 2026, before recovering to 3.4% in 2027. The 2026 projection is unchanged from the April 2026 WEO, despite a more persistent disruption to energy markets than earlier assumed, while the 2027 projection has been revised up by 0.2 percentage point. Global headline inflation is projected to rise to 4.7% in 2026, reflecting mainly higher energy and food prices, before easing to 4.1% in 2027. Core inflation is projected at 3.9% in 2026 and 3.7% in 2027.

It is worth noting that the major forecasters measure global growth on different bases. The IMF's headline figure of 3.1% uses purchasing-power-parity (PPP) weights; on a market-exchange-rate basis, the IMF projects global growth at 2.5% in 2026 and 2.8% in 2027. On a comparable market-exchange-rate basis, S&P Global Market Intelligence's October 2026 Global Economic Outlook projects 2.6% for 2026, as do UNCTAD's Trade and Development Report 2026 and the WTO, which projects global GDP growth of 2.6% in 2026 and 2.9% in 2027.

Figure 1: Real GDP growth - World, advanced and emerging economies (%)



Source: IMF, World Economic Outlook, October 2026 (Table 1.1). 2026 and 2027 are projections.

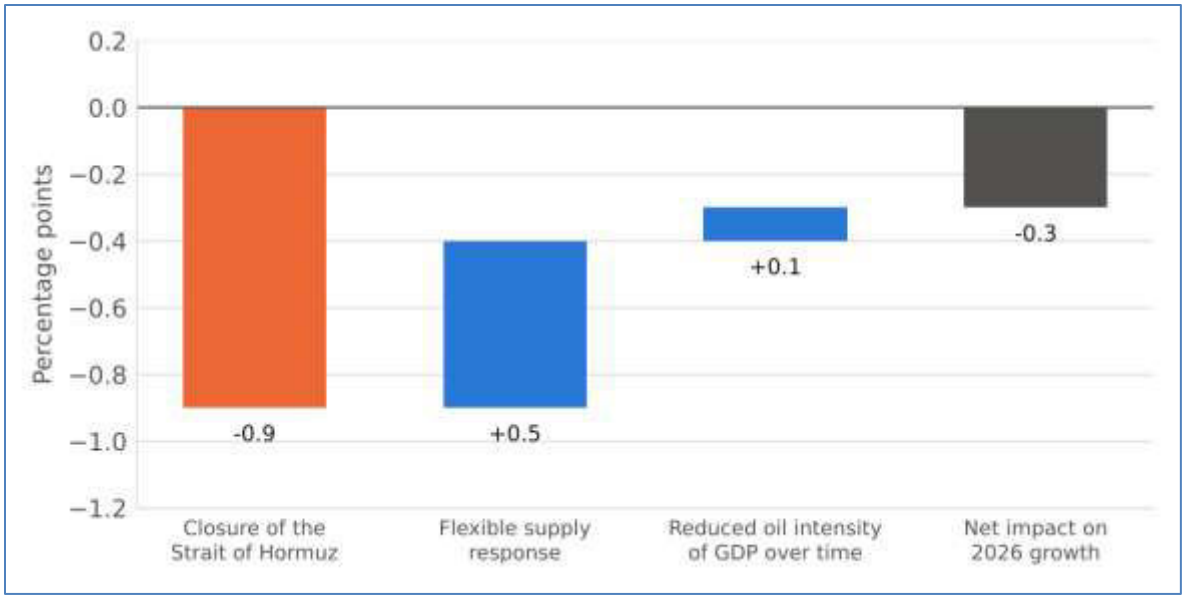
Global activity held up better than expected in the first half of 2026, although the path differed widely across countries. According to the IMF, US real GDP growth moderated to 2.2% (annualised) in the second quarter of 2026 from 2.5% in the first quarter, with business investment, private consumption and exports offsetting softer government spending. Euro area GDP rebounded from flat growth in the first quarter to an annualised 2.6% in the second quarter, led largely by a strong recovery in Ireland and continued

momentum in Spain. Japan's second-quarter outcome was better than expected, and India's growth remained robust, supported by domestic demand and services despite higher oil prices. China's second-quarter growth, by contrast, was weaker than expected at 4.3% year-on-year, as subdued consumption and weakening investment amid property-sector strains were only partly offset by strong exports.

The IMF attributes the resilience of the global economy primarily to the flexibility of energy supply. The closure of the Strait of Hormuz disrupted a route that carried about 20 million barrels of oil per day before the war, roughly a quarter of the world's maritime oil trade. However, Gulf producers redirected part of their supply to other ports, production outside the Gulf rose by about 2 million barrels per day, and the release of global inventories provided a further 4 million barrels per day. Even so, balancing the market at higher prices required demand compression of about 5 million barrels per day in the second quarter of 2026. China, the world's largest oil importer, absorbed a significant part of the adjustment, reducing crude oil imports by 23% year-on-year between March and June 2026 through inventory drawdowns and lower refined-oil consumption.

Structural changes in energy use have also reduced the global economy's sensitivity to oil-price shocks. Energy use per dollar of global GDP has fallen by 32% over the past two decades, and renewable sources have accounted for 60% of the total increase in global electricity generation since 2010. IMF model-based estimates suggest that, without any supply response, the closure of the Strait of Hormuz would have raised oil prices to an average of about US$110 per barrel in 2026 and reduced global growth by 0.9 percentage point. The flexibility of supply lowered the implied average oil price to about US$85 per barrel and reduced the growth impact to 0.4 percentage point, while the 20% fall in the oil intensity of world GDP since the mid-2010s trimmed a further 0.1 percentage point, bringing the net impact on 2026 global growth to about 0.3 percentage point.

Figure 2: Estimated impact of the oil supply shock on 2026 world GDP growth (percentage points)

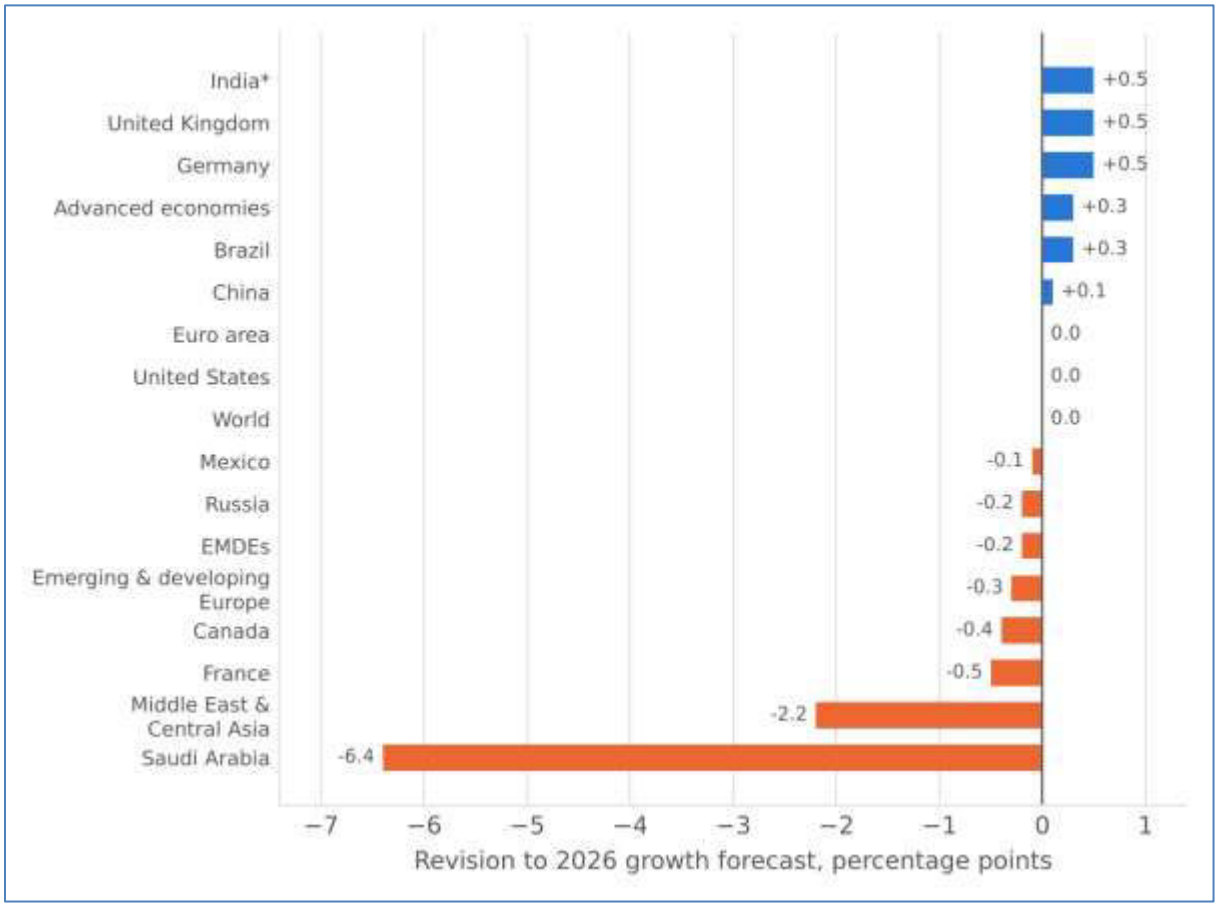


Source: IMF, World Economic Outlook, October 2026 (Figure 1.3); based on US Energy Information Administration data and IMF staff calculations.

The second major source of support has been the investment boom in artificial intelligence (AI), which the IMF describes as a large positive demand shock transmitted most visibly through trade. Supply of AI hardware is highly concentrated: Taiwan Province of China and Korea account for 62% of net trade in AI-related computing hardware, while China and the United States account for more than 75% of net imports of such hardware in 2025 and 57% of newly built data centres since 2024. As a result, the outlook has become bifurcated. Economies with limited exposure to the energy shock and strong participation in the technology value chain are seeing activity hold up or strengthen, and energy exporters outside the conflict zone are benefiting from favourable terms of trade. By contrast, energy importers with little connection to the technology value chain, including many low-income countries, face higher import bills, exchange-rate pressures and weaker real incomes.

This divergence is visible in the pattern of forecast revisions. Although the global aggregate is unchanged from April, the IMF notes that 32 economies now account for 95% of global growth, compared with 54 economies in April, and about 47% of economies have been downgraded. Upward revisions to 2026 growth for India, the United Kingdom and Germany (each by 0.5 percentage point) and for the advanced economies as a group (0.3 percentage point) have been offset by sharp downgrades for the Middle East and Central Asia (2.2 percentage points) and Saudi Arabia (6.4 percentage points).

Figure 3: Revisions to 2026 growth forecasts, October 2026 WEO versus April 2026 WEO (percentage points)



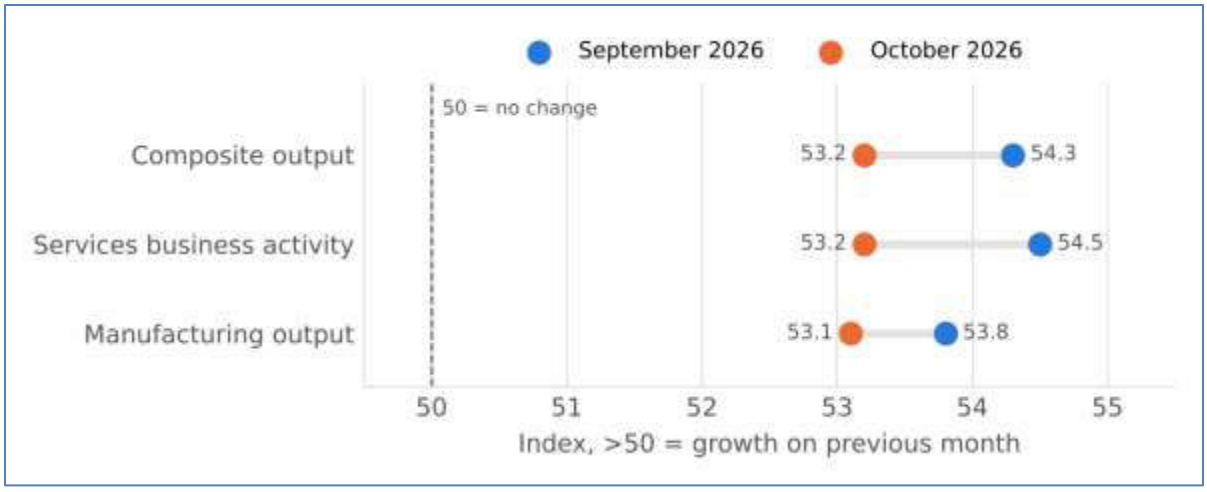
*Source: IMF, World Economic Outlook, October 2026 (Table 1.1). *India on a fiscal-year basis.*

The IMF's baseline rests on several key assumptions. The Strait of Hormuz is assumed to begin reopening in March 2027, with a broad return to pre-war conditions by October 2027. The average oil price (a simple average of Brent, Dubai Fateh and WTI) is assumed at US$95.74 per barrel in 2026 and US$87.39 in 2027, compared with US$67.74 in 2025, implying a 41% rise in crude oil prices in 2026. Natural gas prices (TTF) are assumed at about US$20/MMBtu, 48% higher than in 2025, while fertiliser prices are projected to rise by 10% and food prices by 5%. Monetary policy is expected to be less supportive than assumed in April, and public debt is projected to keep rising, from 108% to 115% of GDP in advanced economies and from 74% to 84% of GDP in emerging market and developing economies between 2025 and 2031.

High-frequency indicators confirm that near-term momentum remains firm, though it eased at the start of the fourth quarter. S&P Global Market Intelligence raised its 2026 global growth forecast to 2.6% in October, narrowing the gap with its pre-conflict estimate of 2.9% made in February, as the global economy proved more resilient than expected. It estimates US real GDP growth close to 4% (annualised) in the third quarter and world trade volumes up more than 7% year-on-year in the third quarter to date, the strongest since 2021. However, S&P Global lowered its 2027 forecasts for most major economies, citing broadening commodity-price pressures, higher expected inflation and less favourable financial conditions.

The J.P.Morgan Global Composite PMI Output Index eased to 53.2 in October from a 40-month high of 54.3 in September, but remained above the neutral 50 mark for the forty-fifth consecutive month and consistent with above-trend global growth. The Global Services Business Activity Index fell to 53.2 from 54.5, and the Global Manufacturing Output Index to 53.1 from 53.8. Growth was strong in the United States and India, and more modest but solid in mainland China, the euro area and Japan, while output contracted in France, Australia and Canada. New export orders rose for a third consecutive month, but business optimism slipped to a five-month low, reflecting elevated uncertainty.

Figure 4: J.P.Morgan Global PMI - September and October 2026



Source: J.P.Morgan, S&P Global PMI (release of 4 November 2026).

Financial conditions present a mixed picture. The IMF notes that global financial conditions remain accommodative by historical standards, but this reflects strong equity valuations offsetting tightening elsewhere. Renewed inflation, expectations of higher policy rates and concerns about fiscal sustainability have pushed benchmark government bond yields in advanced economies to multi-decade highs, raising

borrowing costs for emerging markets as well. Competition for funds from technology firms financing AI investment may be adding to this pressure. According to S&P Global, the 10-year US Treasury yield has risen by more than 100 basis points so far this year, driven mainly by higher real yields rather than inflation expectations, while French bond spreads have widened sharply ahead of the spring 2027 elections. Exchange rates, particularly in Asia, have been highly volatile, prompting official intervention, including a joint Japan-US operation.

The IMF judges that risks to the outlook remain tilted to the downside. A prolonged stalemate or further escalation of conflicts in the Middle East or Ukraine could keep commodity prices higher and more volatile, particularly as depleted oil inventories leave less buffer against new disruptions and natural gas inventories in parts of Europe remain below seasonal norms ahead of winter. The ongoing El Niño episode could add to food-price pressures. A reassessment of expectations about AI-driven profits and productivity could lead to a sharp slowdown in technology investment and a repricing of concentrated equity markets. Financial-market stress could interact with elevated fiscal vulnerabilities, while renewed trade tensions remain a risk. On the upside, a greater-than-expected AI build-out could raise world GDP by 0.6% by 2029, faster AI-driven productivity gains could add up to 0.3 percentage point to near-term global growth, and new trade agreements, such as the EU's agreements with India and MERCOSUR and the United Kingdom's agreement with India, could reduce trade costs and support activity.

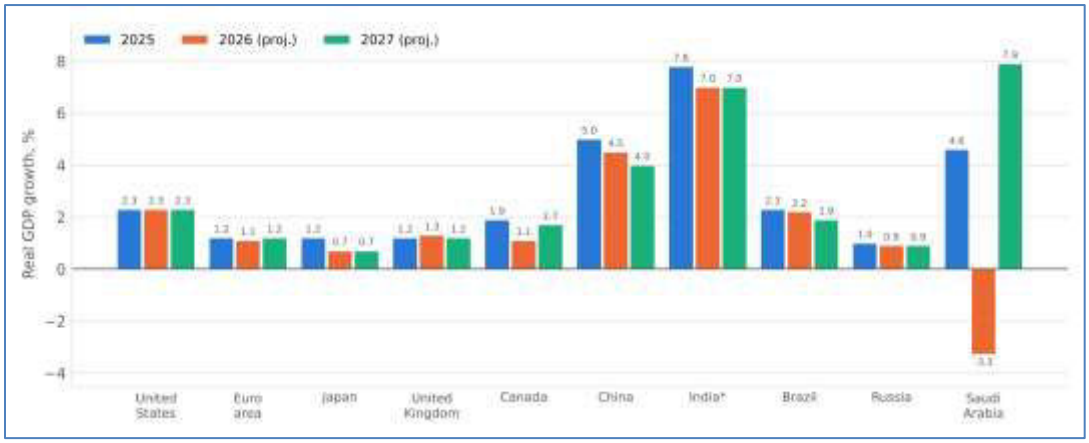
Over the medium term, global growth is projected to average 3.2% a year during 2028-31, below the pre-pandemic (2000-19) average of 3.7%. Medium-term downgrades are concentrated among economies directly affected by the Middle East conflict and among energy-importing emerging and developing economies, with India a notable exception: the IMF has revised India's medium-term outlook upward, citing sustained momentum, favourable demographics, a large and expanding domestic market and continued structural reforms.

Overall, the global economy enters the final months of 2026 with resilient current activity but a more challenging outlook for 2027. Flexible energy supply, private-sector adaptation, fiscal support and AI-related investment have so far absorbed much of the energy shock. However, the margins of adjustment are narrowing: inflation is rising again, borrowing costs are elevated, fiscal space is limited and growth is increasingly concentrated in a small number of economies and sectors. The IMF has accordingly urged policymakers to move from coping to rebuilding, by restoring fiscal buffers, keeping monetary policy focused on price stability and strengthening supply-side resilience, including in energy.

Growth Forecast - Advanced Economies

Growth in the advanced economies is projected to edge up from 2.0% in 2025 to 2.1% in 2026, before moderating to 1.8% in 2027, according to the IMF's October 2026 WEO. The 2026 projection is 0.3 percentage point higher than in April. Outcomes remain uneven within the group: net energy exporters are partly cushioned by favourable terms-of-trade effects, whereas net energy importers face a more pronounced drag from higher energy prices unless supported by technology-related activity.

Figure 5: Real GDP growth projections for major economies (%)



*Source: IMF, World Economic Outlook, October 2026 (Table 1.1). *India on a fiscal-year basis (FY2025-26 shown under 2025).*

The United States remains the strongest performer among the major advanced economies. The IMF projects US growth at 2.3% in both 2026 and 2027, unchanged from April for 2026 and revised up by 0.2 percentage point for 2027. Activity is supported by robust private consumption, fiscal policy, accommodative financial conditions and continued technology-related business investment, with only limited direct impact from the war given the country's status as a net energy exporter. S&P Global identified the United States among the economies with the largest upward revisions to 2026 growth, with third-quarter GDP tracking close to 4% annualised. The IMF assumes US inflation of 3.6% in 2026 and 2.8% in 2027. The Federal Reserve raised its policy rate by 25 basis points in September to a target range of 3.75-4.00%, and held it unchanged at its meeting on 28 October.

Growth in the euro area is projected at 1.1% in 2026 and 1.2% in 2027, unchanged from April, reflecting the continued drag from higher energy prices and weak consumer confidence. Performance varies considerably across member states. Germany's growth is projected to recover from 0.2% in 2025 to 1.3% in 2026 (an upward revision of 0.5 percentage point from April) before easing to 1.1% in 2027. France's growth is projected to slow to 0.4% in 2026, a downward revision of 0.5 percentage point, before improving to 0.7% in 2027. Italy is projected to grow by 0.8% in 2026, while Spain remains comparatively strong at 2.5%. Euro area inflation is assumed at 3.1% in 2026 and 2.8% in 2027. The European Central Bank (ECB), having raised rates in June and September, kept its key rates unchanged on 29 October, with the deposit facility rate at 2.50%; on the same day, President Christine Lagarde announced that she would step down in February 2027.

In the United Kingdom, growth is projected at 1.3% in 2026, an upward revision of 0.5 percentage point from April, easing to 1.2% in 2027 as higher energy prices and long-term interest rates weigh on consumption and investment. Japan's growth is projected to slow to 0.7% in 2026, with fiscal support measures partly cushioning the impact of higher energy prices, and to remain at that level in 2027 as the energy shock dissipates and monetary policy gradually normalises. Inflation in Japan is assumed at 2.0% in 2026 and 2.6% in 2027, and S&P Global expects the Bank of Japan to raise its policy rate to 1.75% in December. Canada's growth is expected to ease to 1.1% in 2026 before rising to 1.7% in 2027, with supportive policies and positive terms-of-trade effects partly offsetting weaker momentum and trade uncertainty.

Advanced Asian technology exporters are among the main beneficiaries of the AI cycle. Korea's growth is projected to increase to 3.3% in 2026 and 2.8% in 2027, buoyed by strong external demand for semiconductors, which more than offsets the negative impact of the war. Reflecting this, growth in the IMF's "other advanced economies" group is projected to rise sharply to 4.2% in 2026, a 1.6 percentage point upward revision from April, before moderating to 2.7% in 2027. Across the major advanced economies, the IMF expects core inflation to return to 2% only gradually: by the end of 2027 in Japan and the United Kingdom, and by mid-2028 in the euro area and the United States.

Growth Forecast - Emerging Market and Developing Economies

Growth in emerging market and developing economies (EMDEs) is projected to slow from 4.5% in 2025 to 3.7% in 2026, before recovering to 4.4% in 2027, according to the IMF. The 2026 forecast has been revised down by 0.2 percentage point from April. The outlook is highly heterogeneous, reflecting differences in commodity dependence, exposure to the Middle East conflict, remittances and tourism receipts, financial conditions and position in the global technology value chain. Economies directly affected by the war account for the V-shaped profile of the aggregate, while other regions are expected to follow a steadier path.

Emerging and developing Asia remains the principal engine of global growth, with growth projected at 5.1% in 2026 and 4.9% in 2027. UNCTAD's Trade and Development Report 2026 estimates that Asia will contribute 59% of global growth in 2026. China's growth is projected to slow from 5.0% in 2025 to 4.5% in 2026 and 4.0% in 2027, as higher oil prices, protracted uncertainty and structural headwinds weigh on activity, although policy support is expected to prevent a sharper slowdown. Several Southeast Asian economies are benefiting from data-centre investment and the upturn in the global technology cycle, with growth in the ASEAN-5 projected at 4.4% in 2026 and 4.3% in 2027. UNCTAD projects growth of 5.2% for Indonesia and 7.8% for Viet Nam in 2026.

India remains among the fastest-growing major economies. The IMF projects India's growth at 7.0% in both FY2026-27 and FY2027-28, upward revisions of 0.5 percentage point each from April, reflecting stronger-than-expected momentum supported by resilient domestic demand and robust services activity. On a calendar-year basis, India's growth is projected at 7.4% in 2026 and 7.0% in 2027. UNCTAD separately projects India's growth at 7.3% in 2026. The IMF also notes that, while medium-term downgrades are concentrated among energy-importing emerging economies, India stands out with upward revisions, and that India is an exception among the largest economies, where stabilising debt ratios at 2025 levels would otherwise require more fiscal consolidation than currently envisaged.

The Middle East and Central Asia region bears the brunt of the conflict. Growth is projected to fall to -0.3% in 2026 before rebounding to 6.3% in 2027, reflecting a longer closure of the Strait of Hormuz than assumed in April and a correspondingly larger rebound once it reopens. Bahrain, Iraq, Kuwait and Qatar are projected to see double-digit contractions in 2026 followed by double-digit expansions in 2027. Saudi Arabia, with more diversified export routes, is projected to contract by 3.3% in 2026 before growing by 7.9% in 2027. Commodity importers in the Middle East and North Africa are expected to remain relatively resilient, while the Caucasus and Central Asia continue to benefit from commodity prices, remittances and reform momentum.

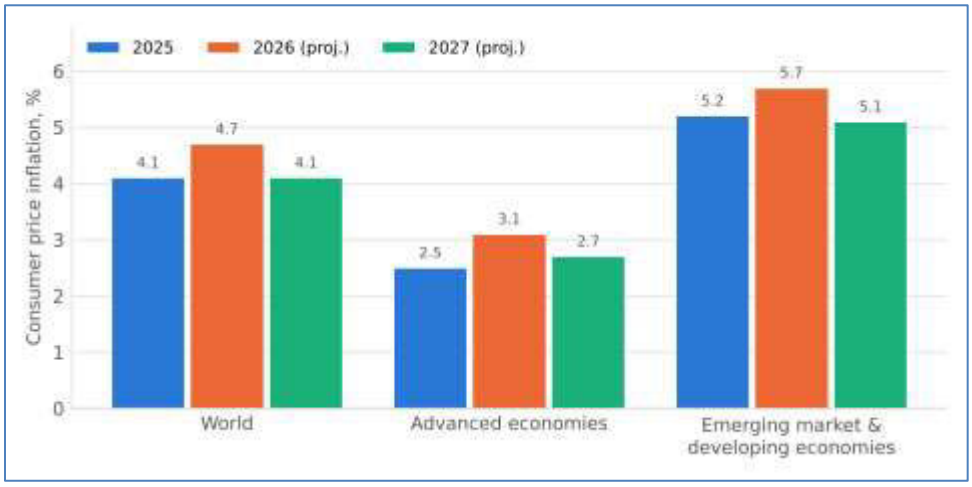
Growth in sub-Saharan Africa is projected to remain stable at 4.5% in 2026 and 2027, although oil-importing, non-resource-intensive economies are more adversely affected by higher energy and food prices. Nigeria is projected to grow by 4.2% in 2026, supported by improved macroeconomic stability and favourable terms of trade, while South Africa's growth is projected at 1.0%. In Latin America and the Caribbean, growth is projected to edge down to 2.3% in 2026 before picking up to 2.5% in 2027. Brazil's growth is expected to slow from 2.2% in 2026 to 1.9% in 2027 amid still-restrictive monetary conditions, while Mexico is projected to accelerate from 1.5% to 1.8%, supported in part by exports linked to AI value chains. In emerging and developing Europe, growth is projected to slow to 1.7% in 2026 before recovering to 2.1% in 2027, with Russia at 0.9%.

UNCTAD cautions that the gap between fast-growing and struggling developing economies is widening sharply. It projects growth in developing economies as a whole to slow from 4.7% in 2025 to 4.0% in 2026, and notes that income convergence with advanced economies has stalled across most of the developing world since the mid-2010s. Official development assistance, a key source of finance for the least developed countries and small island developing states, is projected to fall by almost 7% in 2026, its third consecutive annual decline.

Global Inflation Trends

The steady decline in global inflation has paused, largely because of the war-induced supply shock. The IMF projects global headline inflation to rise from 4.1% in 2025 to 4.7% in 2026, before easing to 4.1% in 2027. The 2026 forecast is unchanged from July but has been revised up by a cumulative 0.7 percentage point since April. In the advanced economies, inflation is projected to rise from 2.5% in 2025 to 3.1% in 2026 and then ease to 2.7% in 2027; in EMDEs, it is projected to increase from 5.2% to 5.7%, before moderating to 5.1%. The IMF expects inflation dynamics to remain uneven across countries, reflecting differences in exchange-rate pass-through, services-price persistence, labour-market conditions, policy credibility and administered-price systems. Inflation in China is expected to rise from low levels.

Figure 6: Consumer price inflation - World, advanced and emerging economies (%)



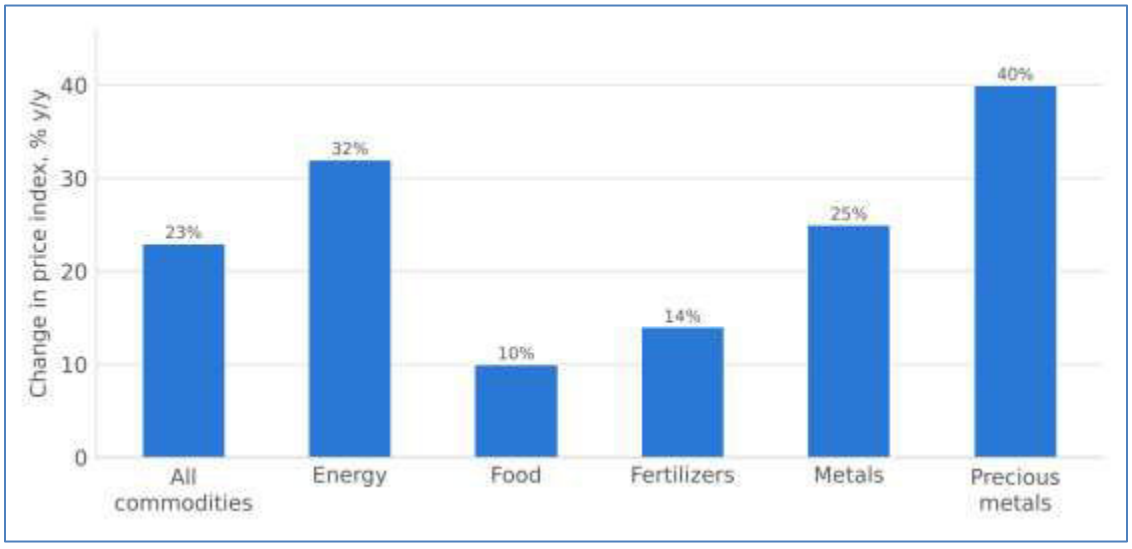
Source: IMF, World Economic Outlook, October 2026 (Table 1.1). 2026 and 2027 are projections.

Global headline inflation rose in August as energy prices rebounded following a short-lived ceasefire in the Middle East, according to the IMF. Core inflation has so far remained moderate, although core-goods prices in some advanced economies have begun to reflect the rapidly rising cost of memory chips, and US core inflation increased, driven mainly by a rebound in travel-services prices. The IMF also cautions that the AI investment boom is adding to demand pressures in economies operating near capacity, which could strengthen the pass-through from headline to core inflation.

Commodity prices remain the dominant source of inflationary pressure. The World Bank's Commodity Markets Outlook, October 2026, projects overall commodity prices to rise by 23% in 2026, up from 16% projected in April, before declining by 7% in 2027. Energy prices are projected to rise by 32% in 2026, reaching a four-year high and reversing three years of declines. Brent crude is forecast to average US$91 per barrel in 2026, up from US$69 in 2025, before easing to US$79 in 2027. Global oil supply is projected to fall by 5.2% in 2026, the largest decline in more than four decades outside the 2020 recession, while consumption is expected to fall by 2.5%, the third-largest annual contraction on record. With production still below consumption, further withdrawals from oil stocks are leaving markets more exposed to renewed disruption.

Price pressures are also broadening beyond energy. The World Bank projects food commodity prices to rise by about 10% in 2026 and a further 7% in 2027, a cumulative increase of 18%, as conflict disrupts grain shipments, El Niño threatens harvests and high fuel and fertiliser prices raise agricultural costs. Fertiliser prices are projected to rise by 14% in 2026, metals prices by 25% to a record high, with aluminium, copper and tin all reaching records, and precious metals prices by 40% on strong safe-haven demand. In an adverse scenario combining further conflict escalation, attacks on Black Sea grain shipments and a very strong El Niño, Brent could average US$105 per barrel in 2027 and food prices could be 12% above the baseline, surpassing their 2022 level. The World Bank's monthly data show that its energy price index rose by a further 7.1% in October, driven by European natural gas (up 12.1%) and Brent crude (up 7%).

Figure 7: World Bank commodity price forecasts - change in 2026 (%)



Source: World Bank, Commodity Markets Outlook, October 2026. Food refers to food commodity prices (about 10%).

S&P Global Market Intelligence similarly reports that commodity-driven inflation pressures are broadening. The spot Brent price has remained above US$100 per barrel almost continuously since early September, as supply disruptions in the Gulf have been compounded by concerns about inventory depletion in key markets, including the United States. S&P Global now assumes Brent will average a little over US$100 per barrel in the fourth quarter of 2026, up from just under US$90 in its mid-September forecast. US diesel prices remain near record highs, and European gas prices continue to trend upward, although they remain well below their 2022 peaks. Climate- and conflict-related factors, including a potentially exceptional El Niño, droughts in Europe and disruptions to fertiliser inputs, threaten to raise food prices, a particular concern for emerging economies where food carries the largest weight in consumer price indices; S&P Global notes that these effects are already being felt in India's inflation and monetary policy. Business surveys point to persistent pipeline pressures: in October, the global PMI recorded only mild decelerations in input-cost and selling-price inflation, with rates of increase accelerating in manufacturing even as they slowed in services.

Central banks have responded by tightening policy. The Federal Reserve raised rates in September, and the ECB in June and September 2026. In October, both held rates steady, although markets were pricing a further Federal Reserve increase in December, and S&P Global expects the Bank of Japan to raise its policy rate to 1.75% in December. The IMF advises that monetary policy should remain firmly focused on price stability, with a stance sufficiently restrictive to return inflation to target in a timely manner and prevent second-round effects, and that further tightening will be needed where commodity prices and technology-related investment add to persistent inflationary pressures. It also recommends that fiscal support to cushion households from higher energy prices be temporary and well targeted, avoiding broad-based fuel subsidies and price controls that weaken price signals.

Global Trade and Supply Chains

Global merchandise trade has proved considerably stronger than expected in 2026, driven largely by the AI investment boom. According to the WTO's Global Trade Outlook and Statistics, released on 8 October 2026, world merchandise trade volume is now projected to grow by 3.9% in 2026, more than double the March forecast of 1.9%, and by 4.1% in 2027, up from 2.6% previously and only marginally below the 4.2% recorded in 2025. Merchandise trade volume grew by 3.5% in the first half of 2026, exceeding expectations despite the disruption caused by the Middle East conflict. The IMF projects world trade volume in goods and services to slow from 5.0% in 2025 to 4.6% in 2026 and to stabilise at 4.7% in 2027.

AI-related goods have been the dominant driver of this performance. The WTO estimates that trade in AI-enabling goods, such as semiconductors, servers and related equipment, rose by 67% year-on-year in the first half of 2026 and accounted for 47% of global merchandise trade growth. The forecast assumes that AI infrastructure spending will rise by at least 30% in 2026 and AI capital expenditure by a further 10-20% in 2027. Asia is projected to record the fastest merchandise export growth in 2026, at 9.9%, with imports rising by 9.5%, followed by North America (5.7%), Africa (5.6%) and South America (3.4%). Computer services exports also rose by 18% year-on-year in the first quarter.

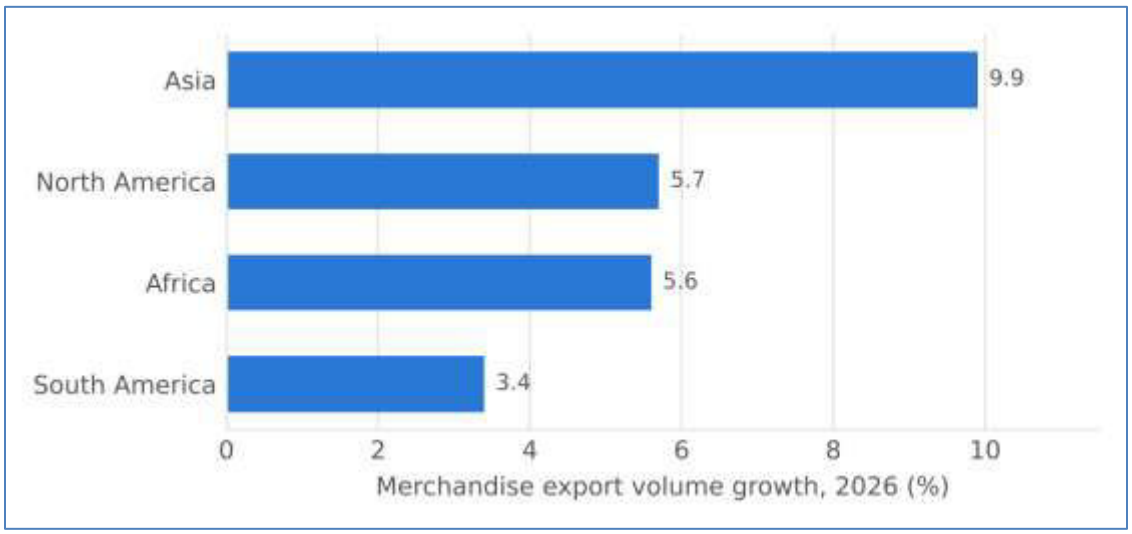
Figure 8: WTO trade volume growth forecasts - March 2026 versus October 2026 (%)



Source: WTO, Global Trade Outlook and Statistics (March 2026 and October 2026).

Services trade, by contrast, has been hit hard by the conflict. The WTO lowered its 2026 forecast for commercial services trade growth to 3.3%, from 4.8% in March, citing disruptions to international travel and transport. Growth in transport and travel services, both heavily reliant on the Middle East region, is projected at just 0.9% and 0.2%, respectively. Services trade growth is expected to rebound to 6.4% in 2027. The WTO identifies further escalation of conflicts, disruptions to energy supplies and any slowdown in AI investment as key risks to the trade outlook.

Figure 9: Merchandise export volume growth by region, 2026 (%)



Source: WTO, Global Trade Outlook and Statistics, October 2026.

UNCTAD's Trade and Development Report 2026, released on 9 October, projects that trade in goods and services will expand by about 4% at constant prices in 2026, after reaching a record US$35 trillion in 2025. UNCTAD notes, however, that a significant part of the increase in trade values in 2026 reflects higher prices during the energy shock. The geography of trade is also shifting: trade between China and the

United States has fallen by more than 20% since 2024, while East Asia has expanded trade with both China and North America. Export controls, investment screening and supply-chain requirements are making strategic sectors harder for new entrants to access, and UNCTAD observes that economic integration is increasingly taking place sector by sector, allowing many middle-income economies of the Global South to build strengths in specific sectors while maintaining ties with multiple partners.

The gains from the technology-driven trade boom are highly concentrated. UNCTAD finds that developed economies captured around 70% of the value of announced greenfield investment projects in high-value strategic sectors, including semiconductors, energy-transition technologies and AI infrastructure, during 2020-2025, while developing economies led only in critical minerals and strategic materials, accounting for 60% of new foreign direct investment in that category. In UNCTAD's case study of an advanced AI server rack, post-tax profits account for 68% of traced value added, while workers receive less than 15%. Africa mines most of the world's cobalt but retains less than 1% of the value in green supply chains.

External imbalances have also widened. The IMF reports that global current account balances increased to about 3.8% of world GDP in 2025, driven mainly by a sharp rise in China's surplus to about 0.6% of world GDP (3.7% of China's GDP), while the United States remained the largest deficit economy at about 1.0% of world GDP. Together, China and the United States account for about 40% of global current account balances, and early 2026 trade data suggest imbalances will increase slightly this year.

Supply-chain resilience and energy security remain central concerns for policymakers and businesses. UNCTAD notes that the Middle East conflict initially pushed the price of Brent crude from US$70 to over US$110 per barrel, hitting import-dependent developing economies and poorer households particularly hard, while capital-flow volatility has doubled since the conflict began. Firms have adapted by diversifying supply chains, regionalising production and redirecting trade towards alternative markets, which the IMF credits with cushioning the aggregate impact of trade barriers, although duplication and higher operating costs may reduce efficiency over time. UNCTAD argues that the energy shock strengthens the case for diversifying energy supply, noting that since 2024 renewables have been cheaper than the cheapest newly installed fossil-fuel alternative in more than 90% of cases, and recommends that developing countries coordinate industrial, financial and technology policies and deepen regional integration through initiatives such as the African Continental Free Trade Area.

In sum, global trade in 2026 is being reshaped simultaneously by AI-related demand, geopolitical fragmentation and the energy shock. Merchandise trade has outperformed expectations, but the gains are concentrated in a small number of products, firms and regions, while services trade and energy-importing developing economies remain under pressure. The durability of AI investment, the pace at which energy markets and shipping routes normalise, and the evolution of trade policy will largely determine the trade outlook for 2027.

b) Global bond rout deepens as France's fiscal crisis tests investor confidence

Global government bond markets came under renewed pressure at the start of October 2026, as concerns over inflation, monetary tightening and fiscal sustainability pushed long-term borrowing costs to multi-decade highs. According to Reuters, the US 10-year Treasury yield rose to 5.34% on 1 October, its highest

level since 2002, after recording its largest quarterly increase this century in July-September. The UK 30-year gilt yield rose above 6%, its highest since 1998, while yields on Japanese government bonds recorded a fifth consecutive quarter of double-digit gains. European bank shares were among the hardest hit as the STOXX 600 index fell to its lowest level since June.

Market participants attributed the sell-off to a combination of factors: soaring energy costs fuelling inflation; expectations of higher policy rates, with traders pricing at least three further Federal Reserve increases and three ECB increases by mid-2027; strong growth expectations linked to the AI and data-centre boom; and fiscal strain, as higher interest costs squeeze public budgets. According to the Institute of International Finance, advanced economies paid more than US$3.3 trillion in interest on internationally traded government bonds over the past year, while weak institutional demand for long-dated debt has added to pressure on the long end of yield curves.

France emerged as the epicentre of the stress in Europe. The French 10-year yield rose to nearly 5% at the start of October, after France recorded its worst quarterly bond-market performance since 1987, and its cost of insuring debt against default rose to the highest since 2013. The spread between French and German 10-year yields, a key measure of France-specific risk, widened from about 96 basis points in mid-September to around 175-178 basis points on 22-23 October, its widest level since late 2011, amid parliamentary resistance to spending cuts in the 2027 budget and civil unrest in mid-October. France's budget deficit is expected to remain around 5.4% of GDP in 2026, with public debt close to 119% of GDP.

Pressure eased somewhat towards the end of the month after Moody's, on 23 October, maintained France's sovereign rating at Aa3 with a negative outlook, contrary to widespread market expectations of a downgrade to A1, which would have aligned it with the A+ ratings from Fitch and S&P. Moody's said the rating assumes the passage of a 2027 budget that reduces the deficit, and warned that it could downgrade the rating if political conditions impair the government's ability to address the deficit and debt burden. The French-German spread narrowed to about 155 basis points by 29 October. S&P is scheduled to review France's rating on 27 November.

The bond-market turmoil has important implications for the global economy and for emerging markets, including India. Higher yields in advanced economies raise global borrowing costs, tighten financial conditions, strengthen the US dollar and can trigger capital outflows from emerging markets, adding to currency pressures, as seen in the decline of India's foreign exchange reserves during October. As both the IMF and S&P Global have noted, the interaction of elevated public debt, higher interest rates and energy-driven inflation has become one of the principal risks to the global outlook for 2027.

c) European gas prices surge past €100/MWh as storage falls to a record low

European natural gas prices rose to their highest levels since the 2022 energy crisis in October 2026, as unusually low storage, constrained LNG supplies and the approach of winter tightened the market. According to S&P Global Commodity Insights, the Dutch TTF front-month contract rose above €100/MWh in intraday trading on 28 October, for the first time since December 2022. The Platts month-ahead TTF assessment closed at €95.83/MWh on 27 October, about 31% higher than at the start of October.

The key driver is Europe's precarious storage position. EU gas storage stood at 74.9% of capacity as of 26 October, according to Gas Infrastructure Europe, the lowest level for that time of year in records dating back to 2011, compared with 82.9% a year earlier and 95.3% in 2024. Europe began the injection season with storage at only about 28% of capacity on 1 April 2026, the lowest in four years, and the loss of Qatari LNG supplies, with transit through the Strait of Hormuz heavily constrained, made it difficult to rebuild inventories during the summer. ENTSOG's Winter Supply Outlook 2026/27, published on 8 October, indicated that Europe can meet demand under average winter conditions, but that the margin to absorb a cold winter or further supply disruptions is limited.

The squeeze in Europe is intensifying global competition for LNG. European and Asian buyers are competing for a reduced pool of cargoes, and S&P Global notes that the spread between the Platts JKM (North-East Asia) and North-West Europe LNG benchmarks remains well above its pre-war level. Europe's high prices are attracting flexible cargoes, particularly from the United States, but this shifts the shortage and affordability pressure to other importing regions. Market participants cautioned that expectations of a milder winter due to El Niño may be leaving buyers complacent, and that prices could rise further if weather turns colder or supply is disrupted.

For India, the developments in the European gas market are significant. Higher global LNG prices and intense competition for cargoes raise the cost of spot LNG for Indian buyers, particularly for price-sensitive sectors such as fertilisers, power and city gas distribution. Domestic natural gas production, which declined by 4.4% during April-September 2026, has not offset the gap. The episode underlines the value of long-term LNG contracts, diversified supply sources and investment in domestic gas production and storage infrastructure to enhance India's gas security.

d) Oil prices end October at a six-month high as Middle East supply risks persist

Crude oil markets remained highly volatile through October 2026, as the war in the Middle East continued to constrain supply and diplomatic efforts to end the conflict produced sharp swings in prices. Brent crude, which had traded around US$100 per barrel at the start of the month, ended October at its highest level in six months, trading at around US$114-115 per barrel in the final week of the month, according to Reuters and Trading Economics data. Prices were driven by concerns over attacks on regional energy infrastructure, including a claimed Houthi strike on a Saudi refinery, and by fears that the US-Iran conflict could escalate further after the US mid-term elections in early November.

The US Energy Information Administration's (EIA) Short-Term Energy Outlook, released on 6 October 2026, highlighted the extent of the tightening. The EIA reported that the Brent spot price averaged US$114 per barrel in September, US$23 higher than in August, as intensified attacks on Middle East oil infrastructure, including the East-West pipeline in Saudi Arabia, pushed the daily Brent price as high as US$131 on 15 September. The EIA raised its forecast for the fourth quarter of 2026 by US$14 to US$105 per barrel, assuming that shut-in Middle East production averages about 4.5 million barrels per day during the quarter. For 2026 as a whole, Brent is now forecast to average about US$96 per barrel, and US$84 in 2027, up from US$91 and US$74 respectively in the September outlook.

The EIA estimated that shut-in crude oil production in the Middle East, which peaked at 10.9 million barrels per day in May, had fallen to about 4.8 million barrels per day by September, as producers made greater use of bypass routes, ship-to-ship transfers and alternative export outlets. Saudi Arabia increased its crude exports in October compared with September despite attacks on its energy infrastructure, according to ship-tracking data cited by Reuters. Nevertheless, global inventories remain depleted after months of drawdowns, leaving the market highly sensitive to any fresh disruption. Swiss bank UBS raised its forecast and now expects Brent to remain near US$110 per barrel through the end of 2026.

Diplomacy provided intermittent relief. Prices eased in early October after the US President indicated that the US would not attack Iran before the mid-term elections, and again in the final week of the month as talks involving Iran, Saudi Arabia, Türkiye and Pakistan were held in Tehran, followed by Qatari-mediated talks at the start of November. The US, however, continued to tighten economic pressure on Iran, imposing sanctions on individuals, networks and 17 vessels involved in transporting Iranian crude, products and petrochemicals.

For India, which imports close to 90% of its crude oil requirements, the persistence of prices above US$100 per barrel has significant implications. Elevated crude prices are already reflected in wholesale inflation, where mineral oils and crude petroleum recorded inflation of 40.02% and 57.32%, respectively, in September, and in pressure on the rupee and the import bill. At the same time, higher international product prices have supported the value of India's petroleum product exports, which rose by 31.90% in September. The trajectory of oil prices in the coming months will depend critically on the outcome of diplomatic efforts and on the pace at which flows through the Strait of Hormuz normalise.

2) Indian Economy

a) Snapshot

The Indian economy continued to demonstrate considerable resilience during October 2026, even as elevated global energy prices, a weaker monsoon and tighter global financial conditions increased the pressure on prices and the external sector. Major international institutions upgraded India's growth outlook during the month on the back of stronger-than-expected first-quarter growth. The World Bank's South Asia Economic Update, October 2026, raised India's real GDP growth forecast for FY2026-27 to 7.1% from 6.6% in April, while the IMF's World Economic Outlook, October 2026, projected growth of 7.0% in both FY2026-27 and FY2027-28, upward revisions of 0.5 percentage point each. The Reserve Bank of India (RBI) likewise raised its FY2026-27 growth projection to 7.1% from 6.7%.

Real GDP grew by 7.8% year-on-year in the first quarter (April-June) of FY2026-27, compared with 6.9% in the corresponding quarter of the previous year under the new national accounts series with 2022-23 as the base year. According to the World Bank, private consumption is expected to remain the main driver of growth, supported by stronger public investment and supportive financial and policy conditions, while exports have outperformed expectations. On the supply side, industry has beaten expectations, with strong growth in infrastructure-related goods and electricity generation, and services continue to grow at an elevated pace. Agriculture, however, is weaker because of the rainfall deficit during the south-west monsoon, which could moderately dampen rural demand.

High-frequency indicators point to continued momentum into the third quarter. The HSBC India Composite PMI rose to a four-month high of 56.2 in October, the Index of Core Industries grew by 7.9% in September, its fastest pace under the current series, and merchandise exports rose by 23.04% year-on-year in September. Bank credit growth stood at 18.2% year-on-year as of mid-October, according to RBI data.

At the same time, inflationary pressures have intensified. Retail (CPI) inflation rose to 5.54% in September from 4.83% in August, driven by food prices, while wholesale (WPI) inflation climbed to 11.39%, with fuel and power inflation at 25.85%. Against this backdrop, the RBI's Monetary Policy Committee raised the policy repo rate by 25 basis points to 5.50% on 7 October, its first increase since February 2023, and changed its stance from neutral to calibrated tightening. On the external front, foreign exchange reserves declined from a record US$785.7 billion in early September to US$719.7 billion as of 23 October, as the RBI intervened to manage pressure on the rupee, although net foreign direct investment remained positive. The outlook therefore combines robust growth with greater inflation, energy-price and weather-related risks.

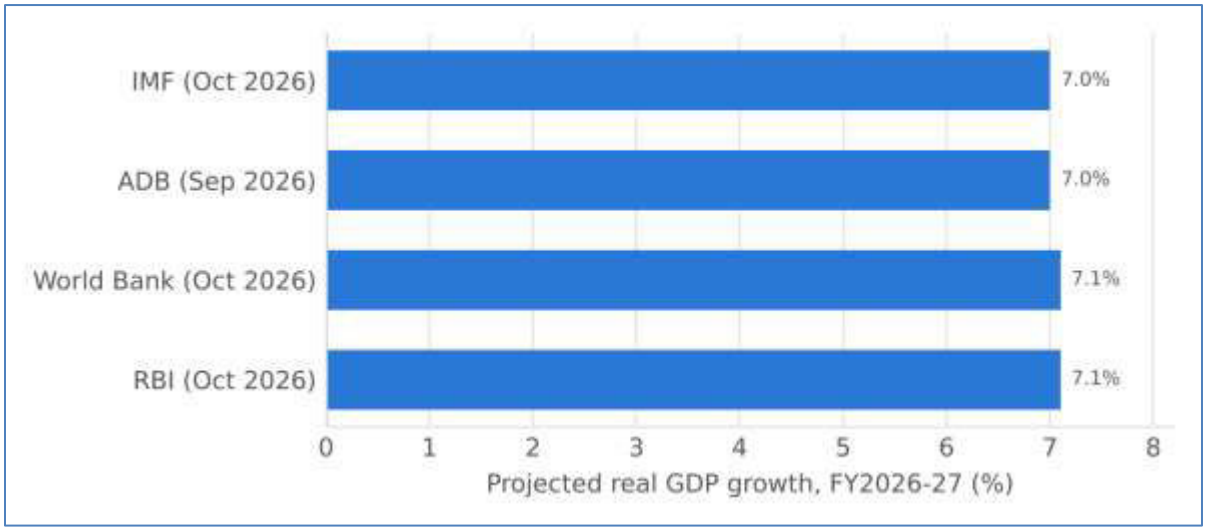
India GDP position

India remains the fastest-growing major economy and the principal engine of growth in South Asia. The World Bank's October 2026 South Asia Economic Update, titled “Adopting AI for Growth”, raised India's FY2026-27 growth forecast by 0.5 percentage point to 7.1%, citing the stronger-than-expected outcome in the first quarter, resilient domestic demand and strong exports. The World Bank projects the South Asia region to grow by about 6.8% a year on average during 2026-27, noting that resilient domestic demand has supported rapid growth despite costly energy imports and limited participation in global value chains for AI-related goods.

The IMF's October 2026 World Economic Outlook projects India's growth at 7.0% in FY2026-27 and FY2027-28, equivalent to 7.4% in calendar year 2026 and 7.0% in 2027, citing stronger-than-expected momentum, resilient domestic demand and robust services activity. The IMF also highlighted India as an exception among energy-importing emerging economies, with upward revisions to its medium-term outlook reflecting favourable demographics, a large and expanding domestic market and continued structural reforms. UNCTAD's Trade and Development Report 2026 projects India's growth at 7.3% in calendar year 2026, while the Asian Development Bank's September 2026 Asian Development Outlook had projected 7.0% for FY2026-27.

The RBI's October policy statement projects real GDP growth of 7.1% for FY2026-27, with growth of 7.2% in the second quarter, 6.9% in the third quarter and 6.8% in the fourth quarter, and 7.1% for the first quarter of FY2027-28, with risks evenly balanced. The RBI expects domestic demand to support growth, but identified the West Asia conflict, the deficient monsoon and El Niño conditions as risks to rural demand and agriculture. Official GDP data for the second quarter (July-September) of FY2026-27 are scheduled for release at the end of November 2026.

Figure 10: India's real GDP growth projections for FY2026-27 (%)



Source: IMF World Economic Outlook (October 2026); ADB Asian Development Outlook (September 2026); World Bank South Asia Economic Update (October 2026); RBI Monetary Policy Statement (7 October 2026).

Inflation in India

National Level Indices

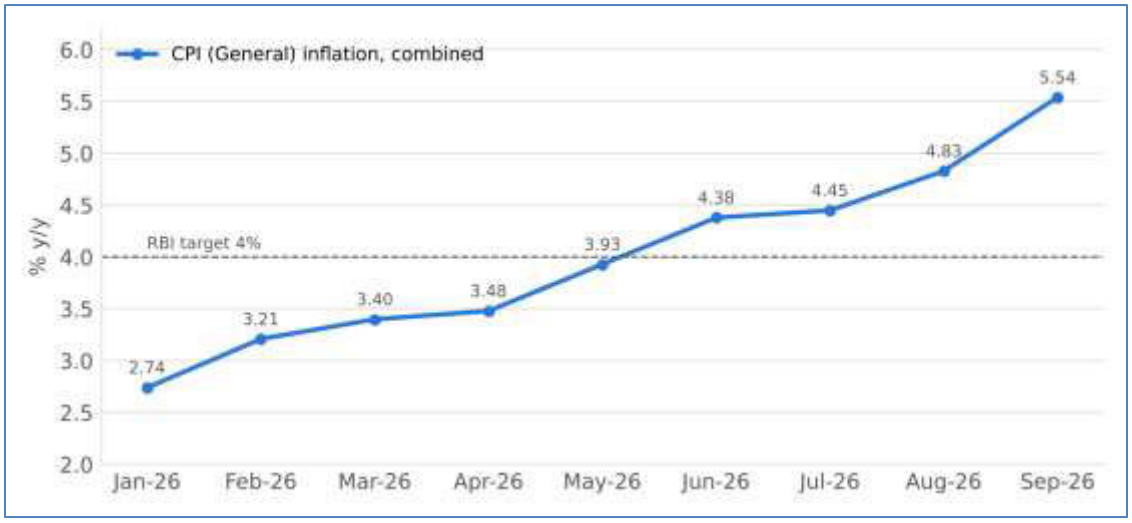
Retail inflation accelerated in September 2026. According to the Ministry of Statistics and Programme Implementation (MoSPI), year-on-year inflation based on the All India Consumer Price Index (CPI, base 2024=100) rose to 5.54% (provisional) in September 2026 from 4.83% (final) in August, the highest reading of the year so far and well above the RBI's 4% target. Rural inflation rose to 6.08% from 5.24%, while urban inflation increased to 4.88% from 4.31%. Food inflation, measured by the Consumer Food Price Index (CFPI), jumped to 7.74% from 5.97%, with rural and urban food inflation at 8.06% and 7.18%, respectively. Headline inflation has risen steadily through 2026, from 2.74% in January.

Table 1: CPI and Consumer Food Price Index - inflation and indices

Indicator	Aug 2026 Rural	Aug 2026 Urban	Aug 2026 Combined	Sep 2026 Rural	Sep 2026 Urban	Sep 2026 Combined
CPI (General) inflation (%)	5.24	4.31	4.83	6.08	4.88	5.54
CFPI inflation (%)	6.17	5.64	5.97	8.06	7.18	7.74
CPI (General) index	109.28	108.07	108.74	110.11	108.71	109.49
CFPI index	110.74	110.72	110.73	112.21	112.10	112.17

Source: Ministry of Statistics and Programme Implementation - National Statistics Office (CPI base 2024=100; August final, September provisional).

Figure 11: Trends in CPI (General) inflation, January-September 2026 (%)

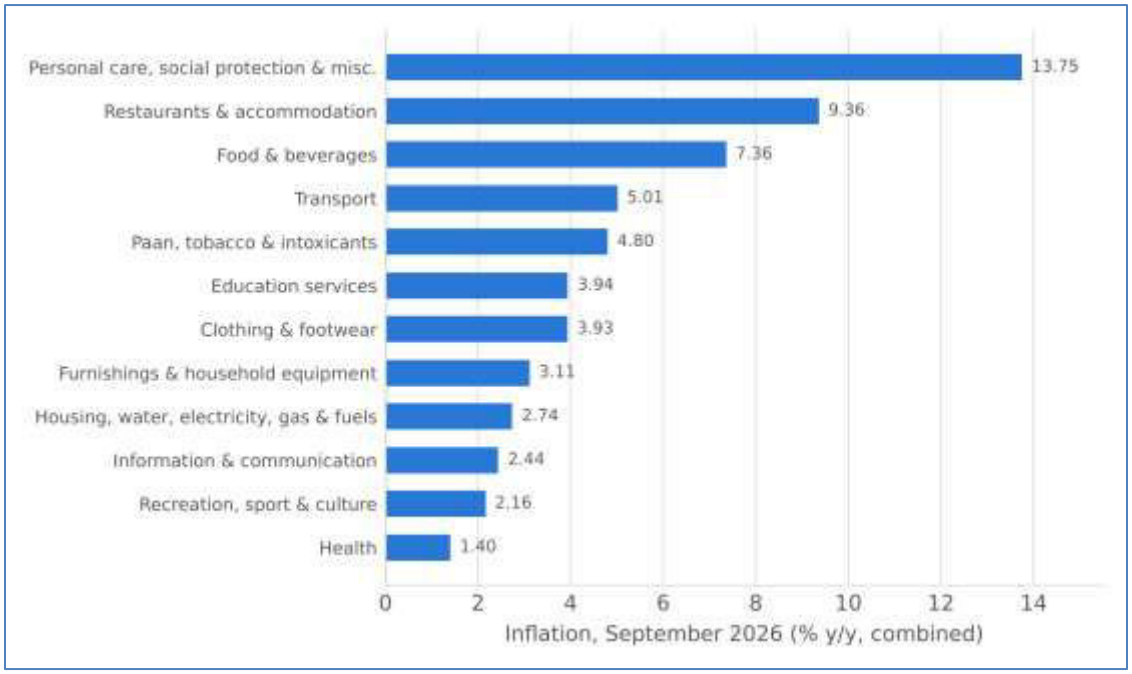


Source: Ministry of Statistics and Programme Implementation - National Statistics Office.

Across divisions, inflation was highest in personal care, social protection and miscellaneous goods and services (13.75%), reflecting a 38.69% rise in prices of other personal effects, including precious-metal jewellery. Restaurants and accommodation services recorded inflation of 9.36%, and food and beverages 7.36%. Transport inflation stood at 5.01%, with transport services for goods rising by 14.73% and the operation of personal transport equipment, which includes fuels, by 7.46%, reflecting the pass-through of higher energy costs. By contrast, inflation in housing, water, electricity, gas and other fuels remained moderate at 2.74%, and health at 1.40%.

Among individual items, onion recorded the highest inflation at 108.09% (up from 48.78% in August), followed by silver jewellery (87.80%), ginger (62.85%), garlic (54.62%) and lemon (36.41%). Potato (-11.50%), tomato (-8.62%), motor cars and jeeps (-4.51%), lady's finger (-4.48%) and coconut (-3.99%) recorded the lowest inflation. Among major states, headline inflation was highest in Tamil Nadu (6.81%), Odisha (6.70%), Madhya Pradesh (6.68%), Telangana (6.64%) and Andhra Pradesh (6.29%). CPI data for October 2026 will be released on 12 November 2026.

Figure 12: Inflation rates across major CPI divisions, September 2026 (%)

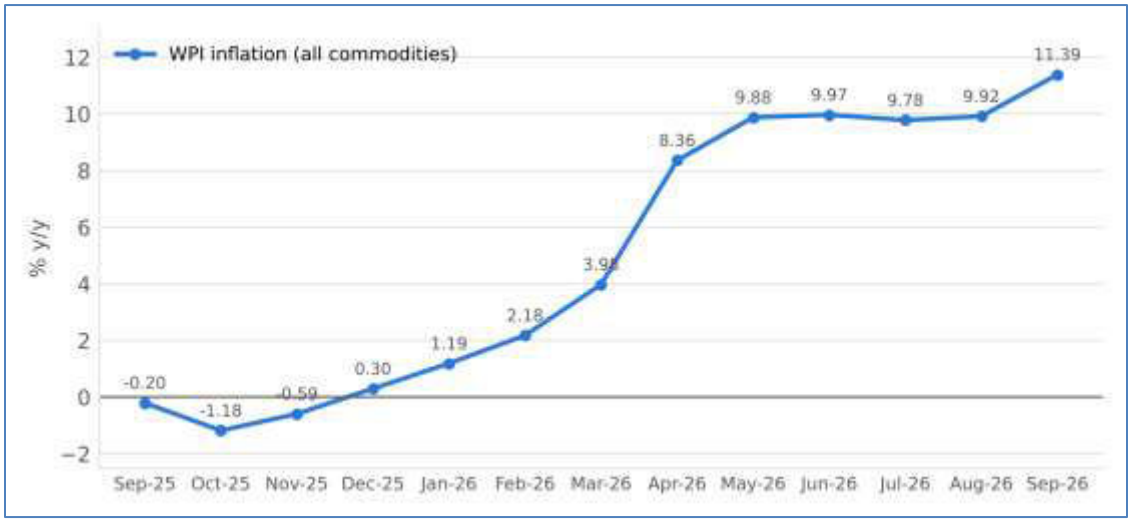


Source: Ministry of Statistics and Programme Implementation - National Statistics Office (combined, provisional).

Wholesale Prices and Producer Price Indices (Base Year: 2022-23)

Wholesale price inflation rose into double digits in September 2026. According to the Office of the Economic Adviser, DPIIT, Ministry of Commerce & Industry, WPI inflation increased to 11.39% (provisional) in September from 9.92% in August, with the All Commodities index rising to 112.5 from 110.8. Inflation accelerated across all three major groups: Fuel and Power to 25.85% from 22.93%, Manufactured Products to 9.76% from 8.37%, and Primary Articles to 8.67% from 7.76%. The WPI Food Index recorded inflation of 8.66%, up from 7.05%. The main drivers of wholesale inflation were mineral oils, food articles, crude petroleum and natural gas, coal and lignite, basic metals, chemicals, textiles, rubber and plastic products, and electrical equipment. Wholesale inflation has risen from -0.20% in September 2025, reflecting both the energy shock and base effects.

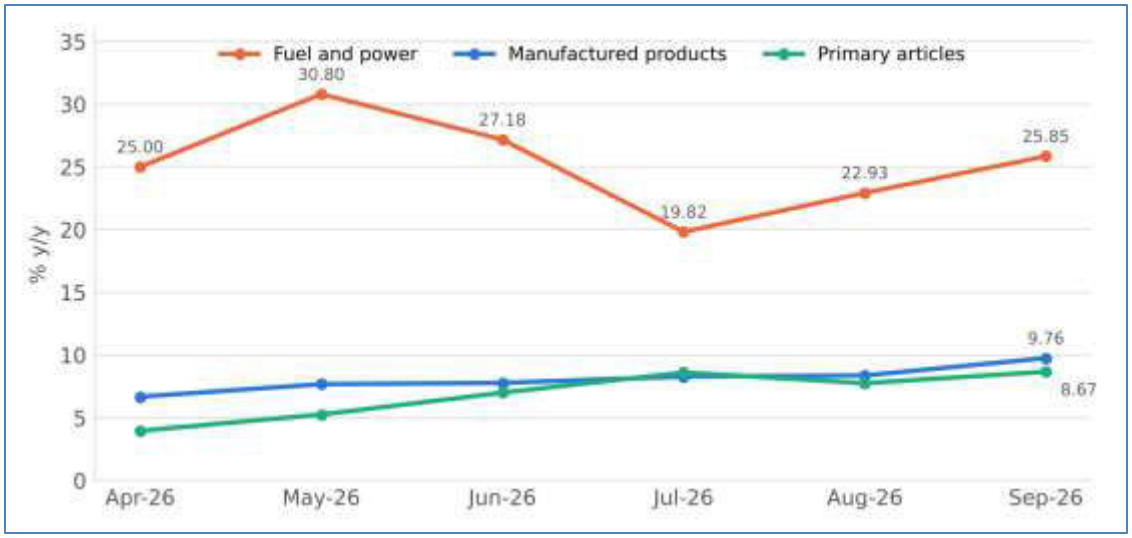
Figure 13: Wholesale Price Index (WPI) inflation, September 2025-September 2026 (%)



Source: Office of the Economic Adviser, DPIIT, Ministry of Commerce & Industry (base 2022-23).

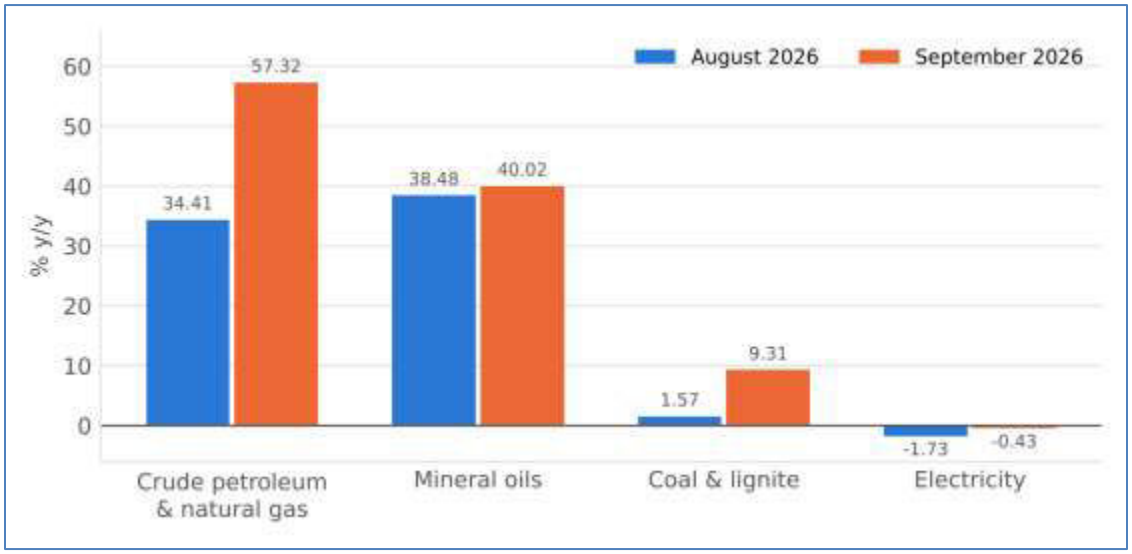
Energy prices remained the dominant source of wholesale price pressure. Within the Fuel and Power group, which carries a weight of 14.11% in the WPI, inflation in mineral oils (petroleum products) rose to 40.02% from 38.48%, while inflation in crude petroleum and natural gas surged to 57.32% from 34.41%. Coal and lignite prices rose by 9.31%, compared with 1.57% in August, while electricity prices declined by 0.43%. In the Primary Articles group, food articles inflation rose to 8.14% from 5.67%. Among manufactured products, textiles (13.85%) and food products (9.44%) recorded among the highest increases.

Figure 14: WPI inflation across major groups, April-September 2026 (%)



Source: Office of the Economic Adviser, DPIIT, Ministry of Commerce & Industry.

Figure 15: WPI inflation in Fuel and Power components, August and September 2026 (%)



Source: Office of the Economic Adviser, DPIIT, Ministry of Commerce & Industry.

Producer Price Indices

The Output Producer Price Index (PPI) for All Commodities rose to 112.5 in September 2026 from 110.8 in August. Output PPIs for Agriculture, Forestry and Fishing; Mining and Quarrying; Manufactured Products; and Electricity stood at 118.7, 129.2, 111.0 and 92.0, respectively, compared with 116.5, 122.0, 109.7 and 90.9 in August. The sharp increase in the Mining and Quarrying index was driven largely by the extraction of crude petroleum and natural gas, whose output PPI rose to 142.2 from 116.3. The trial Input PPI for the manufacturing sector rose to 106.1 from 104.2, with the input index for coke and refined petroleum products increasing to 94.7 from 86.7. The WPI, Output PPI and trial Input PPI for October 2026 will be released on 16 November 2026.

Monetary Policy Outlook

The Reserve Bank of India's Monetary Policy Committee (MPC), at its 63rd meeting held from 5 to 7 October 2026, unanimously decided to raise the policy repo rate under the liquidity adjustment facility by 25 basis points to 5.50%, the first increase since February 2023. Consequently, the Standing Deposit Facility (SDF) rate was adjusted to 5.25%, and the Marginal Standing Facility (MSF) rate and the Bank Rate to 5.75%. The MPC also changed its policy stance from neutral to calibrated tightening, signalling that further increases cannot be ruled out if inflationary pressures persist.

The decision reflected a deterioration in the inflation outlook. The RBI noted that CPI inflation had risen to 4.8% in August from 4.5% in July, that core inflation had increased to 4.2% (2.9% excluding precious metals), and that about 37% of the CPI basket was recording inflation above 4%, alongside some evidence of elevated inflation expectations. CPI inflation for FY2026-27 is now projected at 5.2%, up from 5.0% in August, with 4.9% in the second quarter, 6.0% in the third quarter and 5.7% in the fourth quarter, and 5.6% in the first quarter of FY2027-28. Core inflation is projected at 4.4% for FY2026-27. The subsequent release of September CPI inflation at 5.54% confirmed the upward trend in prices.

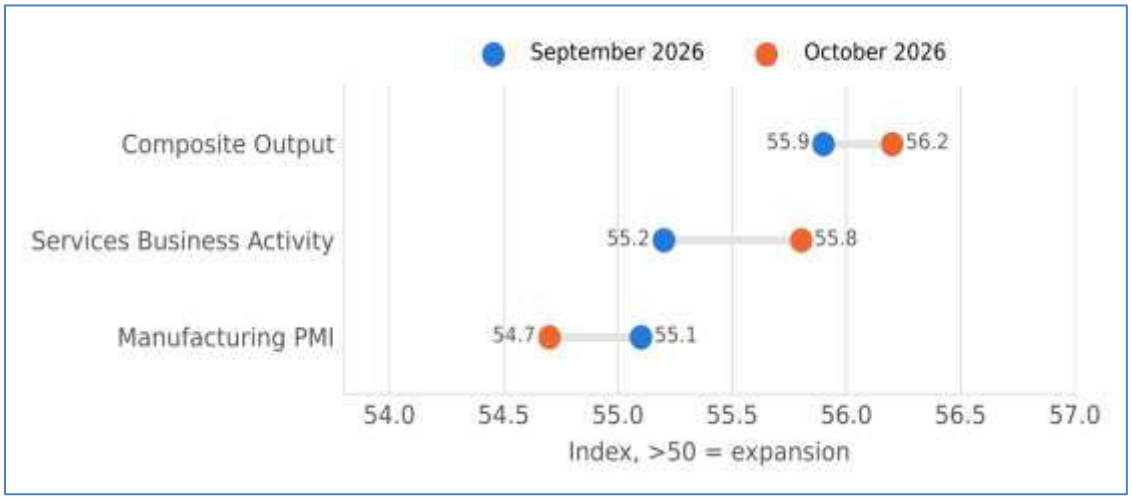
At the same time, the RBI raised its growth projection for FY2026-27 to 7.1% from 6.7%, indicating that the tightening has been undertaken from a position of economic strength. The minutes of the meeting, released on 21 October, underlined the committee's focus on containing inflation and anchoring expectations. The next MPC meeting is scheduled for 2-4 December 2026. With inflation projected to peak in the third quarter of FY2026-27, the path of crude oil and food prices, the rupee and the monsoon's effect on agricultural output will remain key considerations for monetary policy.

Manufacturing and Services Activity - India PMI

Private-sector activity strengthened in October 2026, led by the services sector. According to HSBC and S&P Global, the HSBC India Composite PMI Output Index rose to 56.2 in October from 55.9 in September, indicating the fastest increase in aggregate output in four months. New business at the composite level also expanded at the quickest rate since June. Encouragingly, input cost inflation eased to an 11-month low across the private sector, and the rate of increase in prices charged was the softest since February 2022. However, job creation softened and business confidence weakened.

The HSBC India Services PMI Business Activity Index rose to a four-month high of 55.8 in October from 55.2, as new orders increased at the fastest rate since June, led by Finance and Insurance. New export business in services, however, grew at the weakest pace since February 2023, and input cost inflation in services eased to its lowest level since August 2020. The HSBC India Manufacturing PMI eased to 54.7 from 55.1 but remained firmly in expansion territory and above its long-run average. New export orders for manufacturers rose at the fastest pace in six months, with demand reported from a broad range of markets including the US, UK, UAE, Saudi Arabia and Canada. Manufacturers built input inventories at the fastest rate in eight months and finished goods stocks rose at a record pace as firms built precautionary buffers amid a volatile global environment, while selling-price inflation was the weakest in almost four years.

Figure 16: HSBC India PMI - September and October 2026



Source: HSBC, S&P Global PMI (final October releases of 2 and 4 November 2026).

India's external position

Foreign Exchange Reserves

India's foreign exchange reserves declined steadily during October as the RBI intervened in the foreign exchange market to manage pressure on the rupee. According to the RBI's Weekly Statistical Supplement, total reserves stood at US$719.75 billion as of 23 October 2026, down US$1.27 billion during the week and about US$66 billion below the record high of US$785.71 billion reached on 4 September. Reserves nevertheless remained US$28.64 billion higher than at the end of March 2026 and US$24.39 billion higher than a year earlier. Foreign currency assets, the largest component, stood at US$593.21 billion, while gold reserves amounted to US$103.15 billion, SDRs to US$18.61 billion and the reserve position with the IMF to US$4.79 billion.

The IMF's October 2026 Regional Economic Outlook for Asia and the Pacific listed India among the emerging economies that faced currency pressure following the energy shock, noting that the pressure had partly eased and that India had intervened in foreign exchange markets. The IMF's Asia and Pacific Department Director attributed the pressure on the rupee to global interest rates, investor risk appetite and oil prices rather than domestic weakness, and noted that India had handled the energy shock with strong fundamentals. Despite the recent drawdown, India's reserves continue to provide a substantial buffer against external shocks.

Figure 17: India's foreign exchange reserves, selected weeks, September-October 2026 (US$ billion)



Source: Reserve Bank of India, Weekly Statistical Supplement. Note: weeks shown are not evenly spaced.

External Trade Developments

India's merchandise exports maintained strong momentum in September 2026. According to the Ministry of Commerce & Industry, merchandise exports rose by 23.04% year-on-year to US$44.40 billion, the second consecutive month of growth above 20%, while merchandise imports increased by 8.0% to US$74.61 billion. The merchandise trade deficit narrowed to US$30.21 billion from US$33.00 billion in September 2025, though it widened from US$26.86 billion in August 2026. Services exports were estimated at US$36.35 billion and services imports at US$19.44 billion. India's total exports of goods and

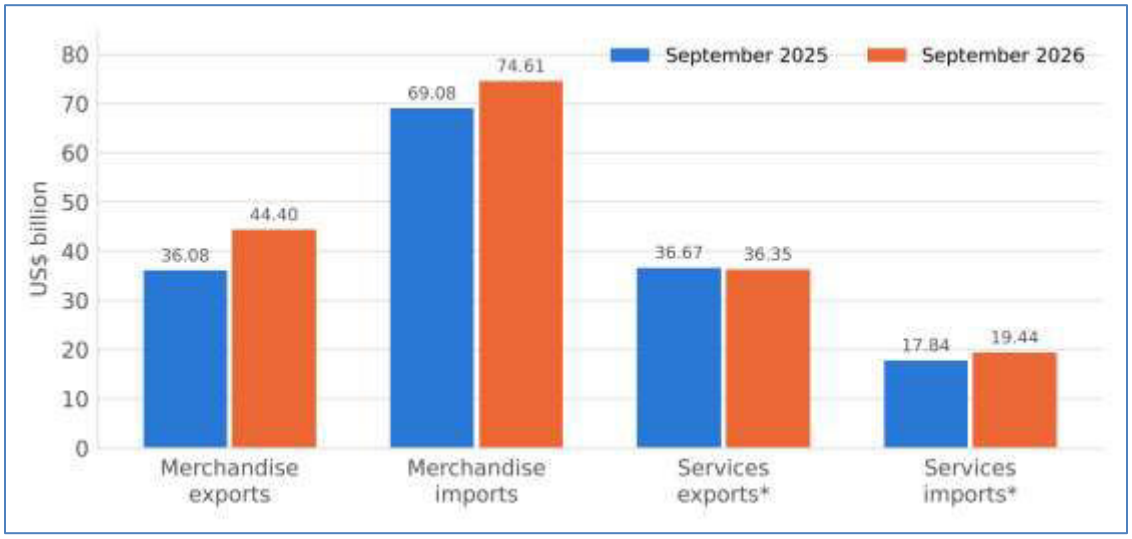
services rose by 10.99% to an estimated US$80.75 billion, and the overall trade deficit narrowed to US$13.30 billion from US$14.17 billion a year earlier.

Table 2: India's trade during September 2026 and April-September 2026-27 (US$ billion)

Category	Sep 2026	Sep 2025	Apr-Sep 2026-27	Apr-Sep 2025-26
Merchandise exports	44.40	36.08	259.89	219.30
Merchandise imports	74.61	69.08	437.53	376.17
Services exports*	36.35	36.67	216.31	199.02
Services imports*	19.44	17.84	113.60	100.24
Total exports	80.75	72.76	476.20	418.31
Total imports	94.05	86.93	551.13	476.42
Trade balance	-13.30	-14.17	-74.93	-58.10

*Source: Ministry of Commerce & Industry, Department of Commerce (press release of 15 October 2026). *Services data for September 2026 are estimates, to be revised on the basis of RBI's subsequent release.*

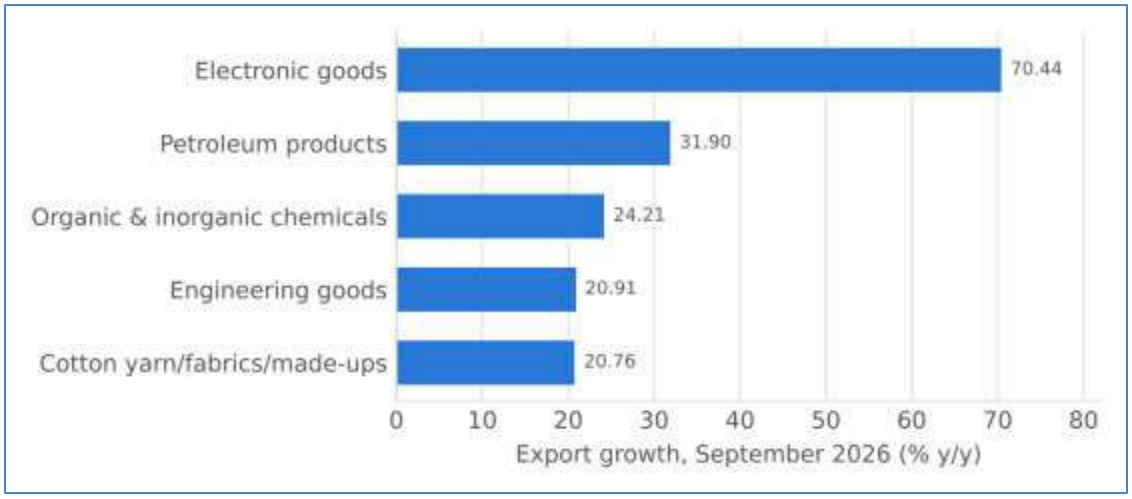
Figure 18: Total trade during September 2026 versus September 2025 (US$ billion)



*Source: Ministry of Commerce & Industry. *Estimates.*

The strength of exports was broad-based. Electronic goods exports rose by 70.44% year-on-year to US$5.31 billion, petroleum product exports by 31.90% to US$6.22 billion, organic and inorganic chemicals by 24.21% to US$2.94 billion, and engineering goods by 20.91% to US$12.17 billion. Non-petroleum exports increased to US$38.18 billion from US$31.37 billion, and non-petroleum, non-gems and jewellery exports to US$34.81 billion from US$28.53 billion. On the import side, gold imports fell by 81.27% and silver imports by 49.11% year-on-year, along with declines in project goods and fertilisers, helping contain the overall import bill.

Figure 19: Major export commodity groups by growth, September 2026 (% y/y)



Source: Ministry of Commerce & Industry.

For the first half of FY2026-27 (April-September), merchandise exports increased by 18.51% to US$259.89 billion, while merchandise imports rose by 16.31% to US$437.53 billion, widening the merchandise trade deficit to US$177.64 billion from US$156.88 billion. Services exports grew by 8.69% to US$216.31 billion, generating a services trade surplus of US$102.71 billion, up from US$98.77 billion. Total exports rose by 13.84% to US$476.20 billion, while the overall trade deficit widened to US$74.93 billion from US$58.10 billion, reflecting faster growth in imports, including the higher cost of energy imports.

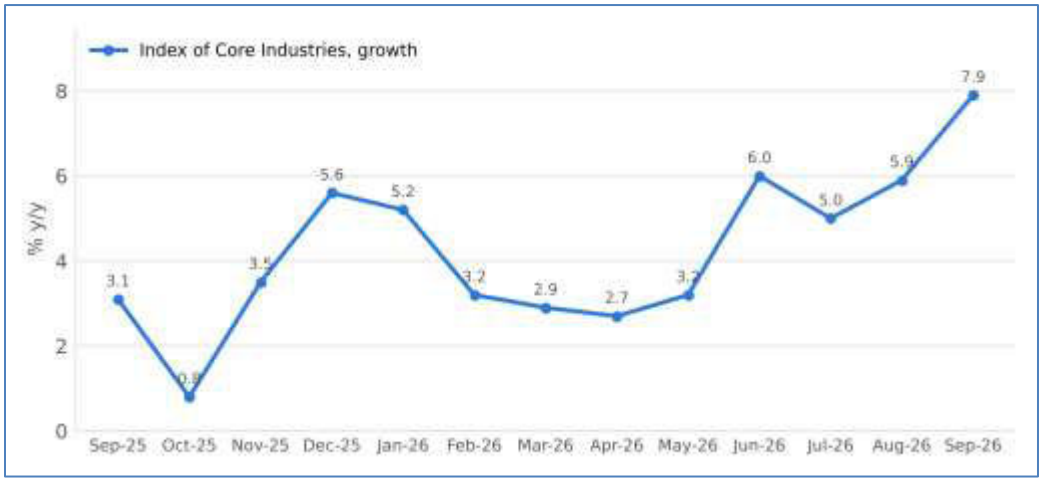
Geographical Trends

Among export destinations, exports to the United States rose by 47.99% in September 2026, followed by strong growth to Singapore (169.16%), Malaysia (119.69%), Egypt (90.09%) and China (24.05%). For April-September 2026-27, the fastest-growing destinations included Singapore (103.05%), the United States (11.11%), China (36.07%), Tanzania (122.51%) and Malaysia (82.85%). On the import side, imports from China rose by 31.52% in September, alongside sharp increases from Oman (331.82%), Russia (25.63%), South Korea (52.93%) and Singapore (36.44%). During April-September, imports grew from China (27.82%), Russia (51.97%), Oman (210.90%), the United States (25.98%) and Brazil (143.13%), reflecting in part shifts in India's energy and input sourcing.

Index of Eight Core Industries (ICI)

Core sector output accelerated sharply in September 2026. According to the Office of the Economic Adviser, DPIIT, the Index of Core Industries (base 2022-23) grew by 7.9% (provisional) year-on-year in September, up from a revised 5.9% in August (earlier estimated at 4.8%) and 3.1% in September 2025. This was the fastest growth recorded under the current series. Cumulative growth during April-September 2026 stood at 5.1%, compared with 2.5% in the corresponding period of the previous year.

Figure 20: Index of Core Industries - year-on-year growth, September 2025-September 2026 (%)

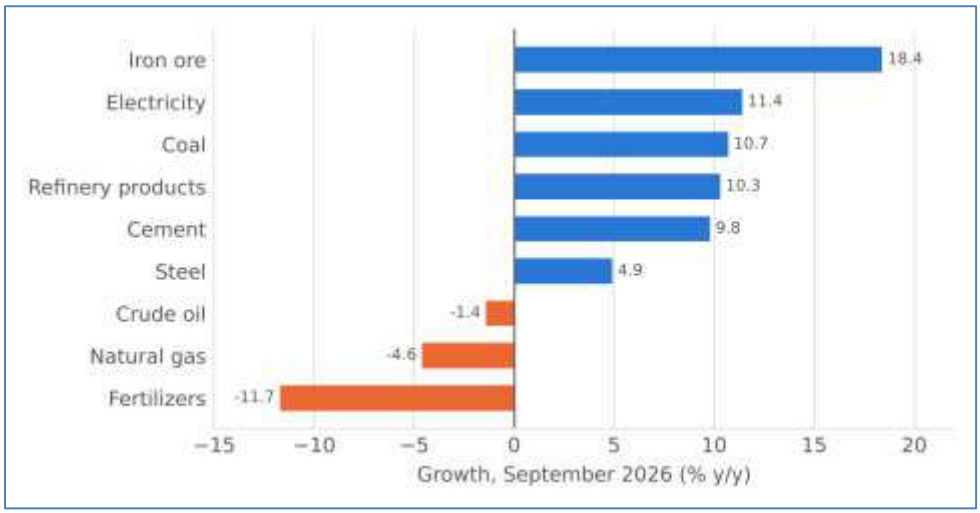


Source: Office of Economic Adviser, DPIIT, Ministry of Commerce & Industry.

Growth was led by iron ore (18.4%), electricity (11.4%), coal (10.7%), refinery products (10.3%), cement (9.8%) and steel (4.9%). Coal, refinery products, steel and iron ore have been the major drivers of overall growth in recent months. Electricity, which carries the largest weight of 30.932% in the index, continued to post double-digit growth. Refinery products, with a weight of 22.572%, rebounded strongly from 5.6% in August, supporting the overall index.

In contrast, fertilisers (-11.7%), natural gas (-4.6%) and crude oil (-1.4%) recorded declines. Although the contraction in crude oil and natural gas production narrowed from August (when output fell by 3.6% and 4.9%, respectively), both have declined in every month over the past year. For April-September 2026, crude oil output fell by 3.7% and natural gas by 4.4%, compared with 1.0% growth in refinery products. The persistent decline in domestic hydrocarbon production, at a time of elevated international energy prices, underlines the importance of measures to raise domestic exploration and production. The ICI for October 2026 will be released on 20 November 2026.

Figure 21: Sector-wise growth rate of core industries, September 2026 (% y/y)



Source: Office of Economic Adviser, DPIIT, Ministry of Commerce & Industry.

b) IMF backs India's revised GDP methodology

The International Monetary Fund has endorsed India's revised GDP methodology, which has been the subject of domestic debate since the release of first-quarter data. Speaking to reporters in Bangkok on 15 October 2026, during the IMF-World Bank Annual Meetings, Krishna Srinivasan, Director of the IMF's Asia and Pacific Department, described the revision of India's GDP base year as a welcome development and said the updated methodology is consistent with the advice provided by the IMF, including its statistics department, and with good practices, while noting there is always room for improvement.

The Ministry of Statistics and Programme Implementation (MoSPI) introduced a new national accounts series in February 2026, shifting the base year from 2011-12 to 2022-23 and introducing updated data sources and methodological changes, including greater use of price indices and double deflation for manufacturing. The new series revised India's historical nominal GDP downward and changed past growth rates; real GDP growth for FY2025-26 is estimated at 7.6% under the new series. The IMF had assigned India's national accounts statistics a 'C' grade in its data adequacy assessment in November 2025, citing mainly the outdated 2011-12 base year. A back series of GDP data under the new base is expected by December 2026.

The debate intensified after MoSPI released real GDP growth of 7.8% for the April-June 2026 quarter, together with nominal growth of 10.3%. Former Finance Secretary S. C. Garg questioned the figures, arguing that growth had been boosted by compressing the previous year's numbers, and the claims were taken up by opposition parties. Government economists responded that growth comparisons must use the same series: on a like-for-like basis under the new series, growth accelerated from 6.9% in the first quarter of FY2025-26 to 7.8% in the first quarter of FY2026-27. The Chief Economic Adviser described the critics' approach as selective use of data.

The IMF's endorsement adds credibility to India's official statistics at a time when GDP data are central to fiscal planning, monetary policy and investor assessments. The IMF also noted that India had handled the energy shock with strong fundamentals. Improved data quality and international comparability will be important for policy design, including for sectors such as oil and gas, where demand projections and investment decisions depend on reliable measures of economic activity.

c) World Bank raises India's FY2026-27 growth forecast

The World Bank raised India's real GDP growth forecast for FY2026-27 to 7.1% from 6.6% in its October 2026 South Asia Economic Update, released on 6 October, following stronger-than-expected growth of 7.8% in the first quarter. The upgrade reflects robust private consumption, stronger public investment, supportive financial and policy conditions and better-than-expected export performance. Industry has outperformed expectations, with strong growth in infrastructure-related goods and electricity generation, while services continue to expand at an elevated pace, although below last year's high base.

The World Bank cautioned that agriculture is weaker because of the south-west monsoon rainfall deficit, which could moderately dampen rural demand, and that global trade and geopolitical uncertainty may weigh on private investment. For the region as a whole, the report notes that South Asia is suffering from high energy prices as a major net oil importer, with inflation rising more than elsewhere, but remains the

fastest-growing region on the strength of domestic demand. Regional growth is projected to average about 6.8% a year during 2026-27.

The report's thematic focus, “Adopting AI for Growth”, highlights artificial intelligence as a promising avenue for creating more and better jobs. AI adoption in the region is rising but still trails the frontier: about 23.4% of formal Indian firms report using some form of AI, compared with 42.7% in the United States, and the gap widens when the sophistication of use is considered. The World Bank recommends accelerating adoption by strengthening the conditions for firm growth, easing adoption barriers for small firms, fostering local AI innovation and providing a clear AI policy framework, supported by improvements in infrastructure such as broadband speed and grid reliability. The report also notes that South Asia's demographic transition is unusually compressed, with the working-age share peaking around 2034, underlining the urgency of sustaining rapid growth.

d) RBI turns to calibrated tightening as inflation risks rise

The RBI's decision on 7 October to raise the repo rate to 5.50% and adopt a stance of calibrated tightening marks a significant turning point in India's monetary policy cycle. Following a series of rate cuts in 2025, the RBI had held the repo rate at 5.25% through most of 2026. The October decision, taken unanimously, was the first increase in more than three and a half years and signals the central bank's intent to prevent energy- and food-driven price pressures from becoming entrenched.

The tightening comes against a backdrop of strong credit growth and robust activity. RBI data show that scheduled commercial bank credit grew by 18.2% year-on-year as of 15 October 2026, while aggregate deposits grew by 16.7% and broad money (M3) by 16.0%. Liquidity in the banking system has remained in surplus, with the RBI absorbing substantial funds through the Standing Deposit Facility in the second half of October. The RBI noted that the weighted average call rate had traded in the lower half of the policy corridor and that it would work to align it more closely with the repo rate, which would strengthen the transmission of the rate increase to lending rates.

For the oil and gas sector, higher interest rates are likely to raise borrowing costs for capital-intensive investments in exploration and production, refining, city gas distribution and pipelines, as well as working-capital costs at a time of elevated crude prices. At the same time, the RBI's focus on containing inflation and supporting the rupee could help limit the rupee cost of energy imports. With the RBI projecting inflation to peak at 6.0% in the third quarter of FY2026-27, the December policy review will be closely watched for signals on the extent of further tightening.

e) Net FDI positive for a third consecutive month

Foreign direct investment flows into India have strengthened in FY2026-27. According to the RBI's October 2026 Bulletin, net FDI inflows were US$3.3 billion in August 2026, compared with a net outflow of US$103 million in August 2025, marking the third consecutive month of positive net inflows after US$1.3 billion in June and a strong inflow in July. Cumulatively, net FDI rose to US$13.8 billion during April-August 2026-27 from US$9.6 billion a year earlier, while gross FDI inflows increased to US$54.9 billion.

The improvement reflects robust gross inflows alongside lower outward investment by Indian companies. Gross FDI inflows reached US$30.7 billion in April-June 2026, the highest quarterly level in fifteen years, and July recorded net inflows that were among the highest in five years. Communication, financial and computer services have been among the leading recipient sectors. Separately, RBI data show that outward FDI commitments by Indian companies fell by about 37% to US$4.34 billion in September 2026 from August, mainly because of a sharp decline in guarantees.

Sustained positive net FDI is an important source of stable financing for India's current account, particularly at a time when portfolio flows have been volatile and the trade deficit has widened on account of higher energy import costs. Stronger FDI also supports investment in manufacturing, infrastructure and energy, and complements the policy focus on expanding domestic capacity.

Lessons from Economics

Climate Change and Its Economic Cost: Impact on India's GDP

Climate change has emerged as one of the most significant economic challenges of the 21st century. For India, a country with a large population dependent on climate-sensitive sectors such as agriculture, fisheries, forestry and energy, the consequences extend far beyond environmental degradation. Rising temperatures, irregular monsoon patterns, extreme heatwaves, floods, droughts and cyclones are increasingly affecting economic productivity, infrastructure, public health and livelihoods. These developments pose risks to India's GDP growth, inflation management, employment generation and fiscal stability.

The economic consequences of climate change are both direct and indirect. Direct costs arise from damage to agricultural production, infrastructure, property and industrial assets, while indirect costs include reduced labour productivity, increased healthcare expenditure, supply-chain disruptions and higher government spending on disaster management and rehabilitation.

Impact on India's GDP and Economic Growth

Climate change can affect India's GDP through multiple economic channels. According to research cited by NITI Aayog, rising temperatures and changing rainfall patterns could reduce India's GDP by approximately 2.8% and adversely affect the living standards of nearly half its population by 2050.

A 2026 study by ICRIER, Financing Climate Resilience: Estimating India's Damage Costs, estimates the aggregate economic impact of climate change at 7.38% of GDP in 2022–23, with adaptation-relevant damage costs projected to reach 15.42% by 2050. These are estimates of climate-related economic damage and should not be interpreted as an equivalent annual contraction in GDP growth.

Such estimates underline how climate-related disruptions can erode economic gains and increase the cost of achieving India's long-term development objectives.

Impact on Agriculture and Food Inflation

Agriculture remains one of the most climate-sensitive sectors of the Indian economy. Erratic monsoons, prolonged droughts, excessive rainfall and rising temperatures affect crop yields, soil quality and water availability. Crops such as wheat, rice, maize and pulses are particularly vulnerable to changes in temperature and rainfall.

Reduced agricultural output can lead to higher food prices, contributing to inflationary pressures. This also affects rural incomes, household consumption and overall demand in the economy. For a country where agriculture supports a substantial share of livelihoods, climate-induced agricultural losses can have wider implications for economic stability and food security.

Impact on Industrial Productivity and Energy Security

Rising temperatures also affect industrial operations, particularly sectors dependent on uninterrupted water and energy supplies. Extreme heat reduces worker efficiency, increases cooling requirements and can disrupt manufacturing and construction activities.

The energy sector faces a dual challenge. Higher temperatures increase electricity demand for cooling, while water scarcity and extreme weather can affect thermal power generation, hydropower and energy

infrastructure. Consequently, climate change can increase operational costs, require additional capital investment and put pressure on India's energy security.

Employment, Labour Productivity and Public Health

One of the less visible but significant economic consequences of climate change is the loss of labour productivity due to extreme heat. Workers engaged in agriculture, construction, transportation and other outdoor activities are particularly vulnerable.

A World Bank assessment highlighted that heat-related productivity losses could put approximately 2.5–4.5% of India's GDP at risk by 2030, equivalent to an estimated US$150–250 billion.

Opportunities and the Way Forward

While climate change presents considerable economic risks, it also creates opportunities for new industries, investments and employment generation. India's transition towards renewable energy, green hydrogen, electric mobility, energy-efficient technologies and sustainable industrial practices can support long-term economic growth.

According to the World Bank, investments in a greener cooling pathway alone could create an opportunity worth approximately US$1.6 trillion in India by 2040, with the potential to generate nearly 3.7 million jobs.

India's emissions decline while economy grows; India climbs five places in green transition tracker

Ahead of the 31st Conference of the Parties (COP31) to the UNFCCC, to be held in Antalya, Türkiye, from 9 to 20 November 2026, a new report has highlighted a significant climate milestone for India. According to the second edition of Allianz Research's Green Transition Tracker 2026, India's greenhouse gas emissions declined by 0.2% in 2025, the first decline outside an economic contraction in 25 years, even as the economy grew by about 7.6%.

India climbed five places to 45th in the tracker's Progress Score ranking, improving its score by 4.5 points compared with a global average improvement of 2 points, and ranking ahead of Argentina, South Korea and Thailand. The report attributes India's progress mainly to cleaner electricity: the share of low-carbon sources in power generation rose from 22.4% to 26.6%, the largest annual increase since at least 1985, while coal-fired generation declined by 2.9%. Part of the improvement was weather-related, reflecting milder temperatures and stronger monsoon rains. The report cautions that growing electricity demand and grid constraints could challenge the sustainability of India's green transition.

Globally, the tracker assessed 65 economies accounting for about 81% of global greenhouse gas emissions and found that 56 had moved closer to their net-zero benchmarks. It suggests that 2026 could bring the first fall in global fossil CO2 emissions despite robust economic growth, noting that the oil shock linked to the Strait of Hormuz has acted like a high carbon price on diesel and accelerated the shift to electric vehicles. However, at the current pace, the world would reach net zero only by 2064, around 14 years behind schedule. For India's energy sector, the findings underline the importance of balancing rising energy demand with the expansion of clean power, grid infrastructure and cleaner fuels such as natural gas during the transition.

Oil Market

Crude oil price – Monthly Review

A recovery in Middle East oil supply was well underway in September, with Gulf crude oil exports approaching pre-war levels. However, the recent escalation in attacks on regional energy infrastructure and tanker traffic is threatening to derail further gains. At the same time, record tanker rates raised crude delivery costs and eroded refinery margins. Brent crude futures have risen by 13% since the start of September to around $107/bbl. Physical markers have increased much more, with North Sea Dated up by 43% to $134/bbl and other North Sea grades trading up to $160/bbl.

Crude oil exports from Gulf producers, led by Saudi Arabia, surged by 4.4 mb/d to 13.9 mb/d in September, reaching over 75% of pre-war levels as supply recovered strongly and inventories were drawn down. Robust Gulf of Oman ship-to-ship transfers helped lift total oil flows through the Strait of Hormuz by 3.7 mb/d to 10.9 mb/d, while the swift return of East-West pipeline flows increased overall bypass exports by 970 kb/d to 5.6 mb/d. The strong rebound raised estimated global supply for 3Q26 by 190 kb/d compared with last month's Report. However, due to heightened security concerns amid increased Houthi attacks in the region in October, we have left the projections for the remainder of the year largely unchanged. As such, global oil supply is expected to average 101.4 mb/d over the second half of the year, up from 96.4 mb/d in 2Q26.

Refined product and LPG shipments from the Middle East have risen much more slowly than crude oil flows and remain below half of their pre-war levels. Refined products rose by 210 kb/d to 1.9 mb/d in September, while LPG increased by 90 kb/d to 670 kb/d – from pre-war levels of 4.7 mb/d and 1.5 mb/d, respectively. Continued disruptions to Middle East exports, compounded by lower supply from Russia and some Asian countries, cut global diesel/gasoil availability by 1.5 mb/d in 2Q26 and 1.7 mb/d in 3Q26 compared with a year earlier, putting diesel markets under extreme pressure.

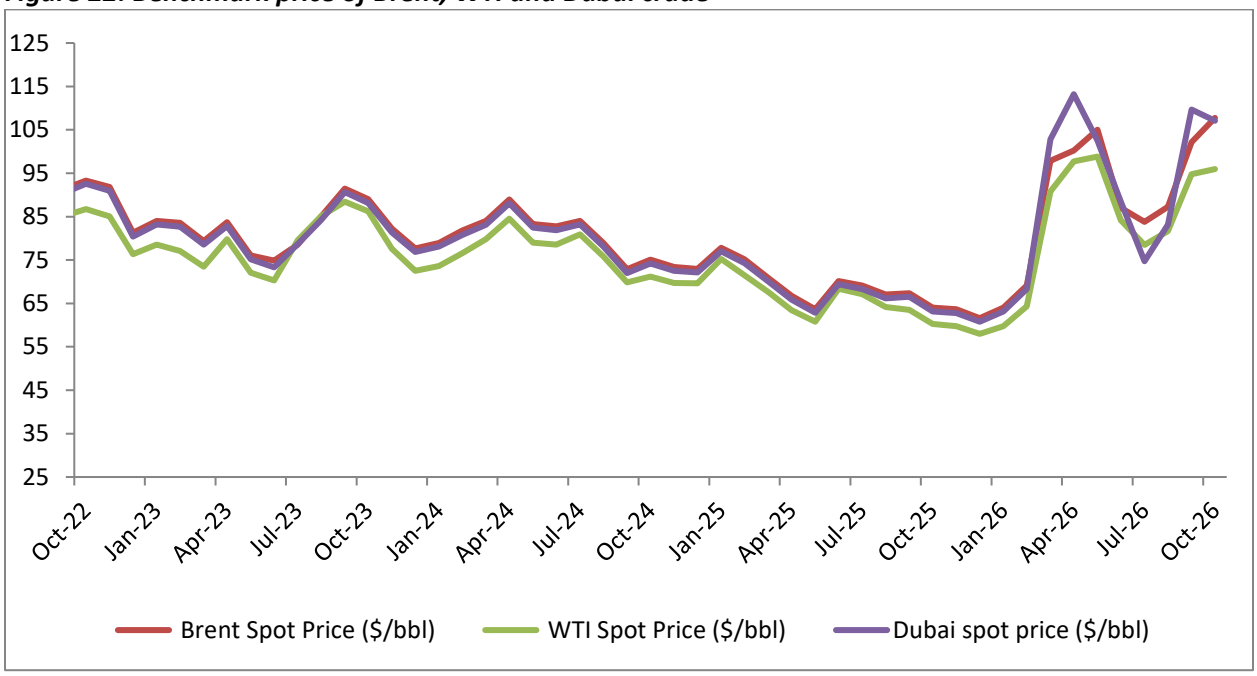
Hedge funds and other money managers increased their bullish positions in the ICE Brent and NYMEX WTI markets in the first half of September, buying the equivalent of about 38 mb of crude and raising combined futures and options net long positions by 9.1% in reaction to geopolitical developments. Speculators then reversed part of their buying in the second half of the month, with combined net long positions falling back in the week of 29 September to their lowest level since early August. Despite elevated geopolitical risk and higher crude prices, speculative buying remained relatively restrained, as money managers maintained cautious positioning amid high uncertainty and the possibility of a rapid reversal in the geopolitical situation.

Crude oil spot prices increased sharply in September, driven by renewed geopolitical tensions in the Middle East and growing concerns about prompt crude supply availability, which boosted risk premiums and heightened uncertainty over regional crude flows.

In September, the ORB value rose by $24.15/b, m-o-m, to average $110.59/b. The West and North African Basket components – Bonny Light, Djeno, Es Sider, Rabi Light, Saharan Blend and Zafiro – increased by an average of $26.15/b, m-o-m, to $115.95/b. Multiple-region destination grades, including Arab Light, Basrah Medium, Iran Heavy and Kuwait Export, increased on average by $25.05/b, m-o-m, to $108.20/b. Murban crude increased by $24.43/b, m-o-m, to average $115.39/b, while the Merey component rose by $16.93/b to average $93.75/b.

Brent crude ranged an average to $107.74 a barrel and WTI ranged to $95.94 per barrel in the month of October 2026.

Figure 22: Benchmark price of Brent, WTI and Dubai crude



Source: World Bank

- Brent crude price averaged $107.74 per bbl in October 2026, up by 5.5% on a month on month (MoM) and by 68.3% on year on year (YoY) basis, respectively.
- WTI crude price averaged $95.94 per bbl in October 2026, up by 1.2% on a month on month (MoM) and by 59.2% on year on year (YoY) basis, respectively.
- Dubai crude price averaged $107.09 per bbl in October 2026, down by 2.4% on a month on month (MoM) and up by 69.5% on year on year (YoY) basis, respectively.

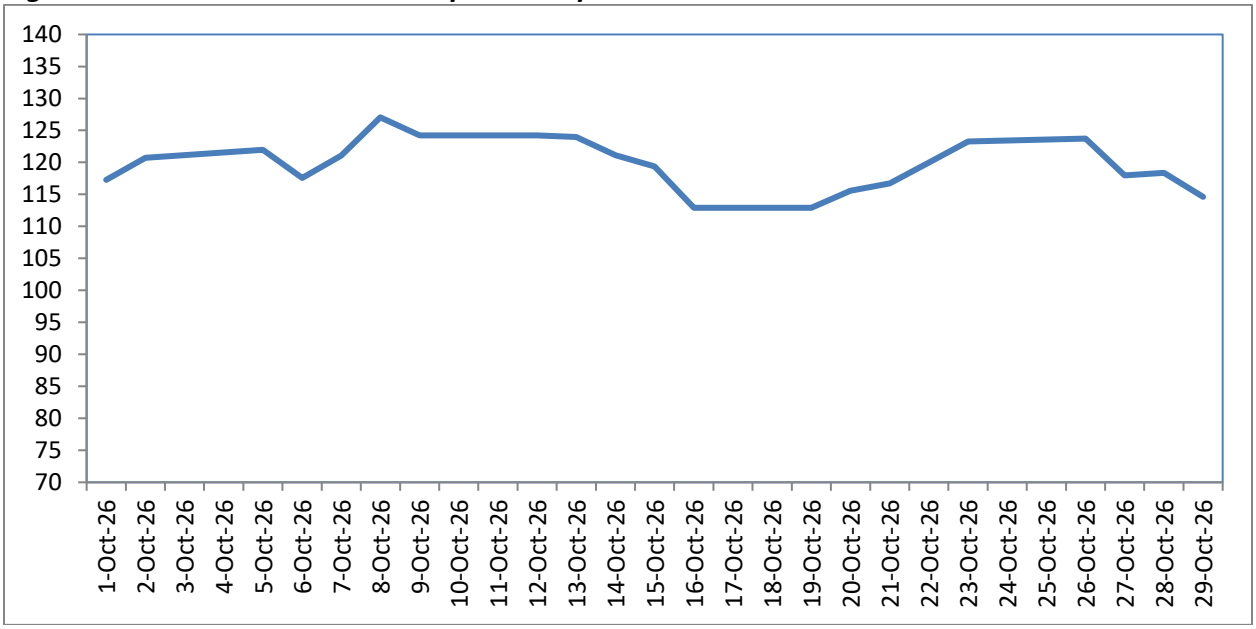
Table 3: Crude oil price in October, 2026

Crude oil	Price ($/bbl)	MoM (%) change	YoY (%) change
Brent	107.74	5.5%	68.3%
WTI	95.94	1.2%	59.2%
Dubai	107.09	-2.4%	69.5%

Source: World Bank

Indian Basket Crude oil price

Figure 23: Indian crude oil basket price in $ per bbl



Source: PPAC

- Indian crude basket price averaged $119.74 per barrel in October 2026, up by 3.1% on Month on Month (M-o-M) and by 84.3% on a year on year (Y-o-Y) basis, respectively.

Oil production situation

- Non-DoC liquids production (i.e. liquids production from countries not participating in the DoC) is forecast to expand by about 0.6 mb/d in 2026 to average 54.8 mb/d. This is unchanged from last month's assessment. The main liquids production growth drivers are expected to be Brazil, the US, Canada, and Argentina.

- In 2027, non-DoC liquids production is forecast to grow by about 0.6 mb/d, also unchanged from last month's assessment. This growth will mainly be driven by Qatar, Canada, Brazil, and Argentina. Natural gas liquids (NGLs) and non-conventional liquids from countries participating in the DoC are expected to increase by about 0.1 mb/d, y-o-y, to average 8.8 mb/d in 2026. Further growth of about

0.1 mb/d, y-o-y, is forecast for 2027, to average about 8.9 mb/d. In September, crude oil production by countries participating in the DoC increased by 0.90 mb/d, m-o-m, to average about 39.07 mb/d, according to available secondary sources.

Table 4: Non-DoC liquids production in 2026, mb/d

Non-OPEC liquids production	2025	1Q26	2Q26	3Q26	4Q26	2026
Americas	28.29	28.35	28.89	29.19	29.28	28.93
of which US	*22.22*	*22.15*	*22.85*	*22.92*	*22.93*	*22.72*
Europe	3.63	3.76	3.57	3.50	3.66	3.62
Asia Pacific	0.41	0.39	0.38	0.38	0.37	0.38
Total OECD	**32.32**	**32.51**	**32.84**	**33.07**	**33.32**	**32.94**
China	4.62	4.74	4.68	4.62	4.58	4.65
India	0.82	0.81	0.80	0.80	0.82	0.81
Other Asia	1.64	1.66	1.68	1.65	1.63	1.66
Latin America	7.55	8.20	8.40	8.34	8.47	8.35
Middle East	1.99	1.53	0.65	1.08	1.37	1.15
Africa	2.27	2.23	2.25	2.22	2.32	2.25
Other Eurasia	0.36	0.35	0.35	0.36	0.36	0.36
Other Europe	0.09	0.09	0.09	0.09	0.09	0.09
Total Non-OECD	**19.34**	**19.61**	**18.90**	**19.16**	**19.64**	**19.33**
Total Non-DoC production	51.66	52.12	51.74	52.23	52.96	52.27
Processing gains	2.54	2.57	2.57	2.57	2.57	2.57
Total Non-DoC liquids production	**54.20**	**54.69**	**54.31**	**54.80**	**55.53**	**54.84**

Source: OPEC monthly report, October 2026

- From the above table, it can be inferred, that the total non-DoC liquids production is expected to reach 54.84 mb/d by 2026.
- The non-DoC liquids production (i.e. liquid production countries not participating in the Declaration of Cooperation) is forecast to grow by about 0.6 mb/d, y-o-y, in 2026.

Oil demand situation

- Global oil demand is forecast to grow by 0.2 mb/d in 2026, y-o-y, following a slight downward revision from last month's assessment. The OECD is forecast to ease by about 0.2 mb/d, while the non-OECD is forecast to grow by about 0.4 mb/d.
- Global oil demand in 2027 is forecast to grow by about 2.6 mb/d, y-o-y, following an upward revision from last month's assessment. The OECD is forecast to grow by about 0.5 mb/d, while the non-OECD is forecast to grow by about 2 mb/d.

Table 5: World Oil demand, mb/d

	2025	1Q26	2Q26	3Q26	4Q26	2026	Growth	%
Total OECD	**46.33**	**46.02**	**45.15**	**46.78**	**46.50**	**46.12**	**-0.21**	**-0.45**
~ of which US	*20.88*	*20.82*	*20.80*	*21.52*	*21.02*	*21.04*	*0.17*	*0.77*
Total Non-OECD	**46.33**	**46.02**	**45.15**	**46.78**	**46.50**	**46.12**	**-0.21**	**-0.45**
~ of which India	*5.65*	*5.85*	*5.34*	*5.52*	*6.08*	*5.70*	*0.04*	*0.88*
~ of which China	16.88	17.24	15.86	17.05	17.16	16.83	-0.06	-0.30
Total world	**105.54**	**106.30**	**102.58**	**106.25**	**107.73**	**105.72**	**0.18**	**0.17**

Source: OPEC monthly report, October 2026

Global petroleum product prices

USGC refining margins against WTI increased further in September to reach a multi-year high. Transportation fuels provided most of the support, particularly jet/kerosene, while gasoline and gasoil cracks also strengthened. Strong demand for exports continued to support US product markets amid tight supply availability in the Atlantic Basin. Diesel exports remained elevated, with European markets continuing to attract US barrels amid reduced supply from Eastern Europe and tight regional commercial stocks. Gasoline also benefited from firm exports, particularly to Latin America, despite the end of the summer driving season and the transition to winter-grade specifications. US gasoline stocks remained seasonally low, which provided additional support.

US refinery intake declined amid the start of the autumn maintenance season by about 501 tb/d, m-o-m, to average 17.02 mb/d in September. USGC margins against WTI averaged $62.08/b, up by $8.74/b, m-o-m, and $44.07/b higher, y-o-y. The jet/kerosene crack spread registered the strongest increase, followed by gasoline and gasoil, while naphtha and fuel oil weakened.

In Rotterdam, refining margins against Brent retreated slightly in September following the strong level registered in August. Performance across the barrel diverged. Middle distillates remained firm, with jet/kerosene posting the largest gain, while gasoline was little changed, m-o-m. However, naphtha and fuel oil cracks fell sharply and weighed on refining economics. Middle distillates continued to benefit from tight European supplies, low commercial stock levels and reduced availability from Eastern Europe and the Middle East. Diesel markets were particularly tight during the first half of the month, although increased arrivals from the US and India provided some relief in late-September. Moreover, low Rhine water levels also continued to constrain inland product movements. Gasoline markets weakened as the holiday season ended and the transatlantic arbitrage became less supportive, although relatively low stocks limited the decline.

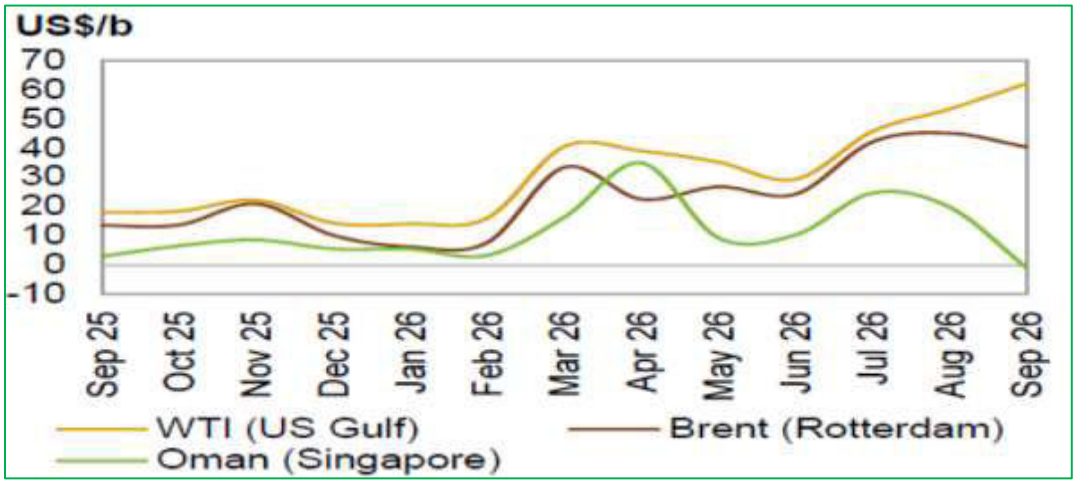
According to preliminary data, refinery runs in EU-14 plus Norway and the UK declined on the back of increased autumn maintenance by about 216 tb/d, m-o-m, to average 9.68 mb/d in September.

Rotterdam margins against Brent averaged $40.34/b, down by $4.73/b, m-o-m, but up $26.82/b, y-o-y. The jet/kerosene and gasoil crack spreads increased, while naphtha and fuel oil cracks declined sharply.

In Singapore, refining margins against Oman declined in September, falling into negative territory. Higher crude prices relative to product netbacks weighed sharply on refining economics, and elevated freight costs added further downward pressure. Naphtha, jet/kerosene, gasoil and fuel oil crack spreads declined, with naphtha and fuel oil registering the largest losses. Gasoline was the exception, supported by tighter prompt supplies. Regional refinery activity continued to recover, particularly in China, adding product supply to the Asian market.

According to preliminary data, refinery intake in Selected Asia – China, India, Japan and South Korea – increased marginally by about 98 tb/d, m-o-m, to average 26.31 mb/d in September. Singapore margins against Oman averaged negative 88¢/b, down by $20.67/b, m-o-m, and down $3.93/b, y-o-y.

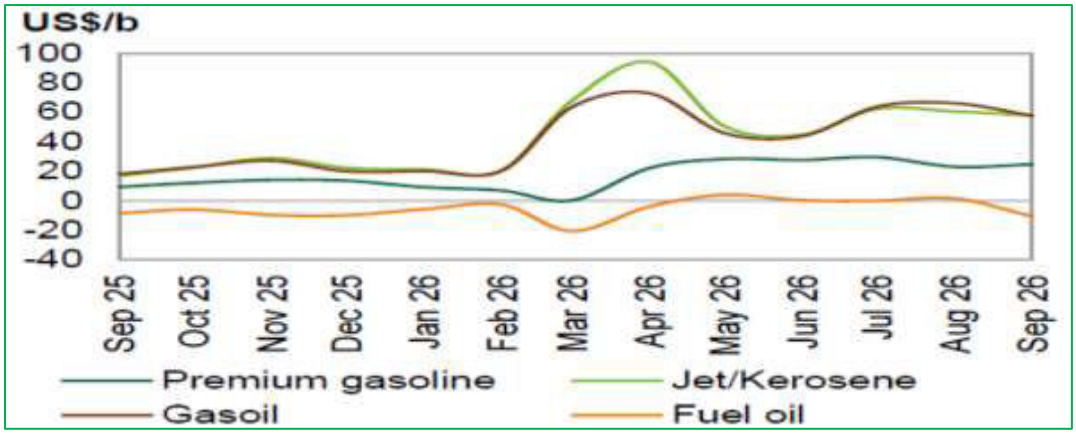
Figure 24: Refining Margins ($/bbl)



Source: Argus and OPEC

The Singapore gasoline crack spread increased slightly in September, as lower exports from the Middle East tightened regional availability, and strong spot buying and indications of lower Chinese gasoline exports provided additional support. These factors outweighed the increase in refinery runs across the region. The Singapore gasoline crack spread against Dubai averaged $24.75/b, up $1.58/b, m-o-m, and $15.24/b, y-o-y.

Figure 25: Singapore crack Spreads vs. Dubai ($/bbl)



Source: Argus and OPEC

The gasoil crack spread retreated slightly after the strong levels registered in August. Higher regional refinery runs and reduced arbitrage opportunities amid elevated freight costs weighed on the market, although constrained Russian and Middle Eastern supplies continued to support the market. The Singapore gasoil crack spread against Dubai averaged $57.80/b, down $8.46/b, m-o-m, but up $39.57/b, y-o-y.

Table 6: Singapore FOB, refined product prices ($/bbl) in September 2026

Singapore product prices	Price ($/b)	MoM (%) change	YoY (%) change
Naphtha	97.49	11.5%	49.6%
Premium gasoline (unleaded 95)	140.98	22.3%	73.0%
Regular gasoline (unleaded 92)	136.15	22.8%	71.2%
Jet/Kerosene	169.30	14.1%	94.5%
Gasoil/Diesel (50 ppm)	177.06	13.6%	99.5%
Fuel oil (180 cst 2.0% S)	163.35	12.3%	87.1%
Fuel oil (380 cst 3.5% S)	100.83	12.9%	63.8%

Source: OPEC

Petroleum products consumption in India

Monthly Review:

- Overall consumption of all petroleum products in September 2026 with a volume of 19.26 MMT registered a growth of 3.37% on volume of 18.63 MMT in September 2025.
- MS (Petrol) consumption during the month of September 2026 with a volume of 3.67 MMT recorded a growth of 7.95% on volume of 3.40 MMT in September 2025.

- HSD (Diesel) consumption during the month of September 2026 with a volume of 7.16 MMT recorded growth of 5.56% on volume of 6.79 MMT in the month of September 2025.
- LPG consumption during the month of September 2026 with a volume of 2.54 MMT registered de-growth of 8.96% over the volume of 2.79 MMT in the month of September 2025.
- ATF consumption during September 2026 with a volume of 0.727 MMT registered growth of 0.92% over the volume of 0.720 MMT in September 2025.
- Bitumen consumption during September 2026 with a volume of 0.594 MMT registered a growth of 17.16% over volume of 0.507 MMT in the month of September 2025.
- Kerosene consumption registered a growth of 4.37% during the month of September 2026 as compared to September 2025.

Table 7: Petroleum products consumption in India, September 2026 and Year till Date (YTD)

	Monthly			Year till Date	
Consumption of Petroleum Products (P)	**Consumption in '000 MT**	**MoM (%) change**	**YoY (%) change**	**Consumption in '000 MT**	**YoY (%) change**
LPG	2,544	8.5%	-9.0%	13,705	-15.50%
Naphtha	697	-16.3%	-31.0%	4,841	-17.96%
MS	3,669	-4.3%	8.0%	22,698	7.12%
ATF	727	0.0%	0.9%	4,443	0.56%
SKO	38	-5.0%	4.4%	215	1.08%
HSD	7,164	2.0%	5.6%	47,938	4.95%
LDO	69	46.7%	-23.5%	319	-37.35%
Lubricants & Greases	439	7.0%	-4.8%	2,200	-7.64%
FO & LSHS	554	5.4%	5.3%	3,297	9.49%
Bitumen	594	34.5%	17.2%	2,776	-25.35%
Petroleum coke	1,573	3.3%	5.2%	7,707	-25.39%
Others	1,192	49.9%	47.7%	4,626	-9.93%
TOTAL	**19,259**	**3.8%**	**3.4%**	**1,14,765**	**-3.32%**

Source: PPAC
Year Till Date: 1st April 2026 – 31st March 2027

Natural Gas Market

Natural Gas Price – Monthly Review

- Natural Gas spot prices at the US Henry Hub benchmark averaged $2.95 per million British thermal units (MMBtu) in September 2026. Henry Hub natural gas prices increased by ~6.1%, m-o-m, in September. Prices received support from stronger power-sector gas demand and seasonal demand expectations ahead of winter. However, higher storage levels limited upward pressure. According to data from the US Energy Information Administration (EIA), average weekly underground storage rose by 4.7%, m-o-m, over the same period. Prices were down by 0.7%, y-o-y.

- Natural gas spot price at the Title Transfer Facility (TTF) in the Netherlands in Europe traded at an average of $25.42 per MMBtu. The average Title Transfer Facility (TTF) price advanced for a third consecutive month in September, up by 20.4%, m-o-m. Prices rallied on the back of persistent elevated geopolitical risk premiums, higher competition with Asian buyers for LNG cargoes, and lower-than-seasonal average storage levels heading into winter. Nonetheless, ongoing storage injections limited upward price pressures. According to data from Gas Infrastructure Europe (GIE), European storage levels rose by 6.5 percentage points, m-o-m, to 71.6% at the end of September, up from 65.1% in August. Prices were up by 128.6%, y-o-y.

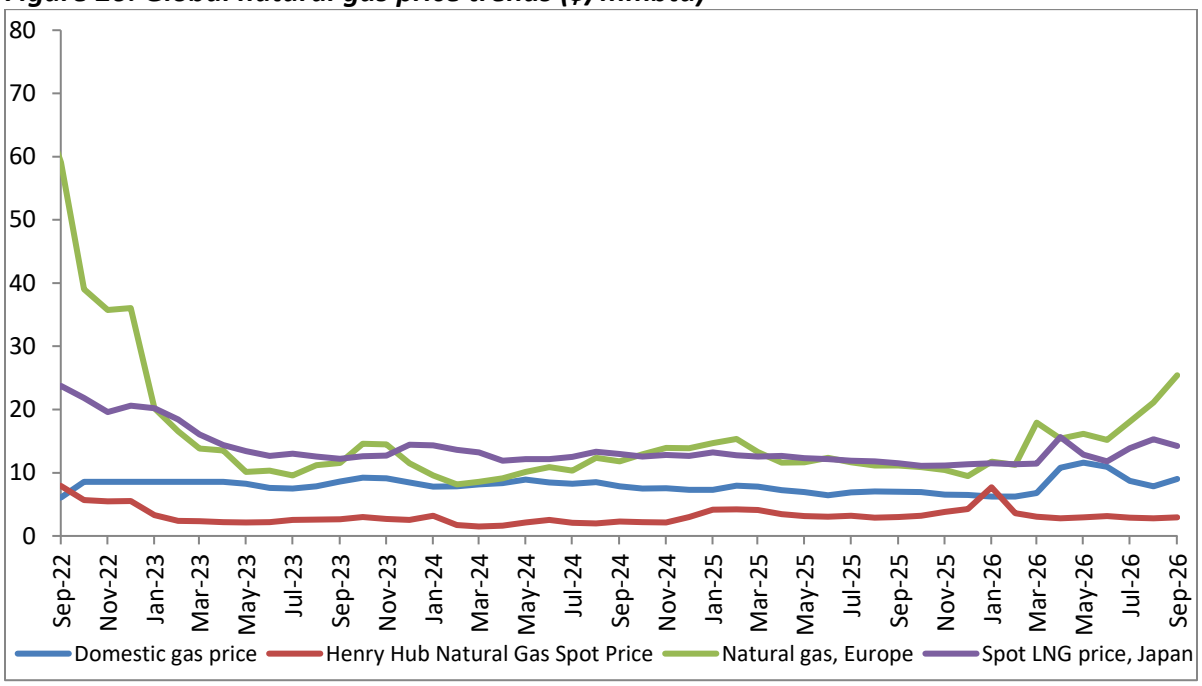
- Japan Liquefied Natural Gas Import Price averaged at $14.25 per MMBtu for September 2026. There is a change of -6.7% from last month and 24.2% from one year ago.

- The Union Cabinet has approved a new formula for pricing of natural gas and imposed cap or ceiling price on the same. Natural gas produced from legacy or old fields, known as APM gas, will now be indexed to crude oil prices. From April 1 2023, APM gas will be priced at 10% of the price of basket of crude oil that India imports. The rate such arrived at however will be capped at US$ 6.50 per MMBTU. The price such arrived at will also have a floor of US$4 per MMBTU. As per notification dated 31st March 2025, the APM gas price has been raised to US$ 6.75 per MMBTU, up from US$ 6.50 per MMBTU. Further, as per notification dated 31st March 2026, the APM gas price has been raised to US$ 7.00 per MMBTU.

- Further, in accordance with MoP&NG, Govt. of India, pricing freedom for gas being produced from discoveries in Deepwater, Ultra Deepwater and High Pressure-High Temperature areas, the gas price ceiling for the period 1st April, 2023 - 30th September, 2023 was notified as US$ 12.12/MMBTU on Gross Calorific Value (GCV) basis as per notification dated 31st March, 2023. As per notification dated 30th September 2023, Gas price ceiling was further revised for the period 1st October, 2023 – 31st March, 2024 was notified as US$9.96/MMBTU on Gross Calorific Value (GCV) basis. Prices were further revised for the period 1st April, 2024 – 30th September, 2024 was notified as US$9.87/MMBTU on Gross Calorific Value (GCV) basis as per notification dated 31st March 2024. Accordingly, for the period 1st October, 2024 – 31st March, 2025 gas price ceiling was further revised as US$10.16/MMBTU on Gross Calorific Value (GCV) basis as per notification dated 30th September 2024. Now, as per notification dated 31st March 2025, Gas price ceiling

was further revised for the period 1st April, 2025 – 30th September, 2025 was notified as US$10.04/MMBTU on Gross Calorific Value (GCV) basis. Prices were further revised for the period 1st October, 2025 – 31st March, 2026 was notified as US$9.72/MMBTU on Gross Calorific Value (GCV) basis as per notification dated 30th September 2025. As per notification dated 31st March 2026, gas prices were further revised for the period 1st April 2026 – 30th September 2026 and was notified as US$ 8.90/MMBTU on Gross Calorific Value (GCV) basis. Prices were further revised for the period 1st October, 2026 – 31st March, 2027 was notified as US$9.89/MMBTU on Gross Calorific Value (GCV) basis as per notification dated 30th September 2026.

Figure 26: Global natural gas price trends ($/mmbtu)



Source: EIA, World Bank

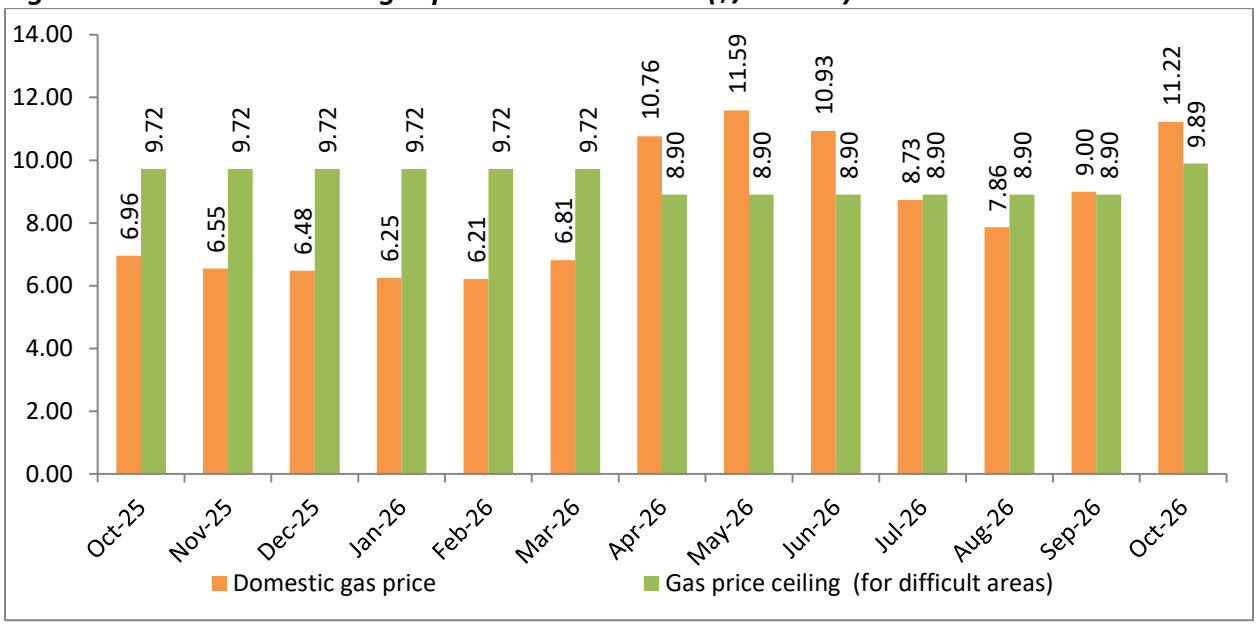
Table 8: Gas price, September 2026

Natural Gas	Price ($/MMBTU)	MoM (%) change	YoY (%) change
India, Domestic gas price (Oct'26)	11.22	24.67	61.21
India, Gas price ceiling – difficult areas (Oct'26-Jan'27)	9.89	11.12%	1.75%
GIXI (Gas index of India) price*	28.4	29.04%	160.81%
Henry Hub	2.95	6.1%	-0.7%
Natural Gas, Europe	25.42	20.4%	128.6%
Liquefied Natural Gas, Japan	14.25	-6.7%	24.2%

Source: EIA, PPAC, World Bank, IGX

**Prices are weighted average prices (data excluding ceiling price gas, LNG & LDC)*

Figure 27: Domestic natural gas price October'25–26 ($/mmbtu)



Source: PPAC

Indian Gas Market

- Gross Production of natural gas for the month of September 2026 (P) was 2730 MMSCM which was lower by 4.6% compared with the corresponding month of the previous year.
- Total Import of LNG (Provisional) during the month of Sep 2026 (P) was 3031 MMSCM as per prorated DGCIS data.
- Natural Gas available for Sale during Sep 2026 (P) was 5281 MMSCM (P) (decrease of 6.06% over the corresponding month of the previous year).
- Total Gas Consumption based on Availability during Sep 2026 (P) was 5728 MMSCM (P) (decrease of 5.43% over the corresponding month of the previous year).
- The major consumers were Fertilizer (28.8%) and CGD (26.9%), Power (15.7%), Refinery (3.8%) and Petrochemicals (4.8%).

Monthly Report on Natural gas production, imports, and consumption – September 2026

1. Domestic Natural Gas Gross Production:

Domestic natural gas gross production for the month of September 2026 was 2730 MMSCM (decrease of 4.55% over the corresponding month of the previous year).

Figure 28: Domestic natural gas Gross production (Qty in MMSCM)

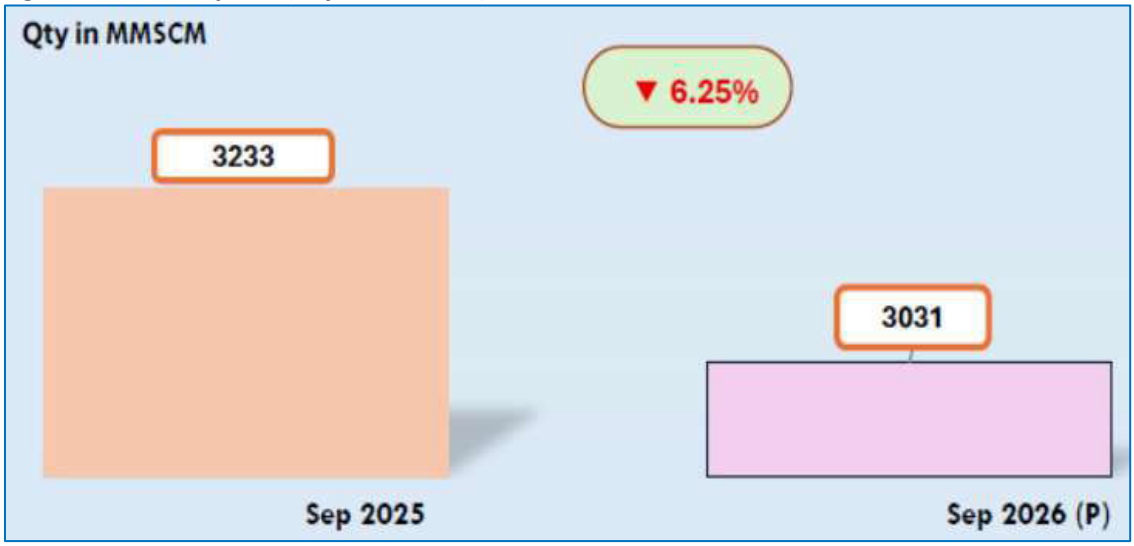


Source: PPAC

2. LNG imports:

Total import of LNG (provisional) during the month of September 2026 was 3031 MMSCM (P) (down by 6.25% over the corresponding month of the previous year).

Figure 29: LNG imports (Qty in MMSCM)

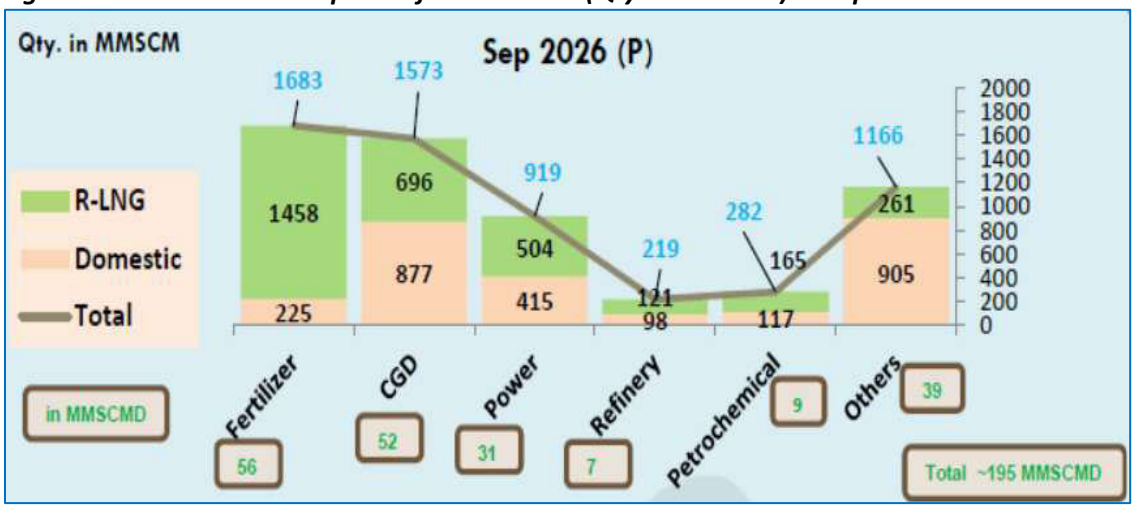


Source: PPAC

3. Sectoral Consumption of Natural Gas:

Major consumers were fertilizer, CGD, power, refinery, petrochemicals among others.

Figure 30: Sectoral Consumption of Natural Gas (Qty in MMSCM) in September 2026



Source: PPAC

Key developments in Oil & Gas sector

Monthly Production Report for September 2026

1. Production of Crude Oil

Indigenous crude oil and condensate production during September 2026 was 2.2 MMT registering a de-growth of 1.4% in crude oil and condensate production during September 2026 as compared with the corresponding period of the previous year. Around 78.7% of production came from Nomination Fields, 11.6% from Pre-NELP Fields and 9.5% from NELP Fields, during September 2026.

2. Production of Natural Gas

Gross Production of natural gas for the month of September 2026 (P) was 2730 MMSCM which was lower by 4.6% compared with the corresponding month of the previous year.

3. Crude Oil Processed (Crude Throughput)

Total Crude oil processed during September 2026 was 23 MMT, which is 9.2% higher than September 2025, out of which PSU/JV refiners processed 15.2 MMT and private refiners processed 7.8 MMT of crude oil. Total indigenous crude oil processed was 2 MMT and total Imported crude oil processed was 21 by all Indian refineries (PSU+JV+PVT). There was a growth of 1.4% in total crude oil processed in April-September during current Financial Year as compared to same period of previous Financial Year.

4. Production of Petroleum Products

Production of petroleum products was 23.9 MMT during September 2026, which is 8.7% higher than September 2025.Outof 23.9 MMT, 23.6 MMT was from refinery production & 0.3 MMT was from fractionator. There was a growth of 0.2% in production of petroleum products in April-September FY-2026-27(P) as compared to same period of FY 2025-26. Out of total POL production, in September 2026, share of major products including HSD is 40.4%, MS 17.1%, Naphtha 5.9%, ATF 5.5%, Pet Coke 4.9%, LPG 5.1%, and rest is shared by Bitumen, FO/LSHS, LDO, Lubes & others.

Key Events/Policy developments/Significant news in Energy sector

1. **Union Minister of Petroleum and Natural Gas Shri Hardeep Singh Puri launched GOBARdhan Scheme to accelerate development of India's Compressed Biogas sector**

The Union Minister of Petroleum and Natural Gas, Shri Hardeep Singh Puri, launched GOBARdhan, the Central Sector Scheme for development of the Compressed Biogas (CBG) sector.

The Scheme, approved by the Union Cabinet on 6 August 2026 with an outlay of ₹23,731 crore, provides a ten-year framework from FY 2026–27 to FY 2035–36 for accelerating CBG development in India. The scheme aims to increase domestic CBG production nearly 10-fold (to around 5 MMSCMD) with a long-term framework that gives investors and lenders greater certainty.

The launch brought together stakeholders from across the CBG ecosystem, including representatives of Central Ministries, State Governments, CBG developers, oil and gas companies, City Gas Distribution entities, financial institutions, cooperatives, technology providers and other stakeholders.

The launch featured the unveiling of the GOBARdhan Handbook, a comprehensive reference guide to assist stakeholders, project developers, State Governments and financial institutions in understanding the Scheme and navigating its CBG interventions, alongside the Unified GOBARdhan Portal, a centralised digital platform designed to streamline applications, eliminate multi-channel processes and enhance transparency throughout processing and implementation.

Speaking on the occasion, Shri Hardeep Singh Puri said that India's growing energy requirements must be addressed through the combined objectives of availability, affordability and sustainability, with greater development of energy resources available within the country.

He said that CBG has particular relevance for India as it can convert crop residue, cattle dung and other organic resources into clean domestic energy, while generating organic manure and creating new economic opportunities in rural areas. Farmers, cooperatives, gaushalas and local enterprises can participate across feedstock collection, aggregation, transportation and processing, strengthening the circular link between agriculture and energy.

He called upon industry, financial institutions, States, cooperatives, technology providers and other stakeholders to translate the framework into operating plants and sustained CBG production, advancing India's energy security, rural prosperity and the Prime Minister's vision of Waste to Wealth and Annadata to Urjadata.

Addressing the gathering, Dr. Neeraj Mittal, Secretary, Ministry of Petroleum and Natural Gas, highlighted that India currently meets nearly half of its natural gas requirement through imports and that CBG provides an opportunity to convert domestic organic waste into a domestic gas resource.

He said that the experience of the sector had also highlighted constraints relating to volatile revenues, fragmented support, limited long-term policy visibility, feedstock assurance, organic manure offtake and access to finance. GOBARdhan addresses these issues through the Ministry of Petroleum and Natural Gas as the single nodal Ministry, predictable pricing, greater certainty of gas offtake, enhanced capital assistance, consolidated processes and greater use of digital monitoring.

The Secretary also highlighted the important role of State Governments in translating the national framework into projects on the ground, including through enabling State CBG policies, feedstock assessments, suitable land banks, faster approvals and infrastructure support.

An integrated framework for the CBG sector

A presentation on GOBARdhan outlined the Scheme architecture and the transition from multiple standalone interventions towards an integrated framework for the sector. GOBARdhan comprises six key interventions: CBG Offtake Assurance, CBG Pricing Framework, Capital Assistance for CBG Projects, Development of Pipeline Infrastructure, Credit Guarantee Support and the CBG Ecosystem Challenge Fund.

Under the offtake framework, CBG plants will be mapped to identified City Gas Distribution geographical areas or CBG clusters, enabling a dependable route to market. Under the CBG Obligation (CBO), the obligation to procure CBG rests with City Gas Distribution (CGD) entities. The procurement obligation has been prescribed at 3% in FY 2026–27, 4% in FY 2027–28 and 5% from FY 2028–29 onwards for the CNG (Transport) and PNG (Domestic) segment

The Scheme introduces an administered CBG price of ₹2,110 per MMBtu, providing greater revenue visibility to producers. Eligible greenfield projects can receive capital assistance of up to ₹2 crore per TPD of installed CBG capacity, including support for plant machinery, feedstock aggregation and FOM/LFOM processing and manure value-addition equipment.

To address gas evacuation constraints, support of up to 80% of eligible capital expenditure is available for pipelines connecting CBG clusters to trunk pipeline networks and up to 50% for standalone plants connecting to CGD networks.

A dedicated credit guarantee mechanism for eligible MSME-based CBG projects will cover up to 85% of the outstanding amount at default, subject to prescribed project limits. The guarantee cap is ₹20 crore per project for general MSME projects and ₹25 crore per project for women-led MSME projects, providing enhanced support to women entrepreneurs in the CBG sector.

The CBG Ecosystem Challenge Fund will support technology development, capacity building, feedstock assessment and aggregation, district-level ecosystem development and value addition in organic manure.

India's CBG ecosystem has already established a foundation for further growth, with 217+ plants commissioned as of August 2026, with an installed capacity of more than 1,700 TPD. The Scheme aims to increase domestic CBG production nearly ten-fold over its ten-year implementation period.

The Scheme is expected to generate significant economic and environmental benefits, including more than ₹40,000 crore in foreign-exchange savings, over ₹75,000 crore added to GDP and more than 1.5 lakh jobs. It is also expected to replace 10 million tonnes of fossil fuel with clean gas, reduce more than 40 million tonnes of CO_2 emissions and support the production of 250 million tonnes of organic manure.

2. Union Minister Shri Hardeep Singh Puri commends energy sector resilience, insulation of domestic consumers from global price shocks, and massive upstream push under 'Samudra Manthan' and 'GOBARdhan'

The Petroleum and Natural Gas Regulatory Board (PNGRB) celebrated its 20th Foundation Day at the Dr. Ambedkar International Centre, New Delhi. The event was graced by the Union Minister of Petroleum and Natural Gas, Shri Hardeep Singh Puri, alongside Dr. Neeraj Mittal, Secretary, Ministry of Petroleum and Natural Gas, senior government officials, and key industry leaders. Marking two decades of regulatory leadership, the milestone occasion focused on consumer empowerment, infrastructure expansion, digital transformation, safety assurance, and sustainable sectoral growth.

Major Initiatives & Key Launches

National PNG Drive 3.0: Building upon the success of PNG Drive 1.0 and 2.0, PNGRB launched National PNG Drive 3.0 to accelerate Piped Natural Gas (PNG) connections across domestic and commercial sectors nationwide.

MyPNG Portal: A unified, national digital consumer portal was launched to streamline PNG services, improve access to information, and strengthen interactions between consumers and City Gas Distribution (CGD) entities.

PNGRB Excellence Awards 2026: Outstanding performers across CGD networks, Natural Gas Pipelines, and Petroleum Product Pipelines were recognized for operational excellence, safety standards, and infrastructure delivery.

India Steers Energy Resilience with Infrastructure Push and Upstream Investments

Speaking on the occasion, Union Minister for Petroleum and Natural Gas highlighted India's resilience in navigating global energy market volatility while advancing the nation's transition towards a gas-

based economy. He noted that despite global energy market volatility with international price spikes of 70%–80%, strategic central excise duty cuts on petrol and diesel helped keep domestic fuel prices stable and insulated Indian consumers.

To further strengthen energy security, the Minister highlighted major policy decisions, including allocations of ₹84,084 crore under the Samudra Manthan scheme and ₹23,731 crore for GOBARdhan. The opening of 1 million sq km of previously restricted sedimentary basins has helped in boosting domestic hydrocarbon exploration and gas availability.

The Minister also highlighted the rapid expansion of the gas distribution ecosystem. Nearly the entire country has now been authorized for City Gas Distribution, while approximately 35,000 km of natural gas pipelines have been authorized. The Unified Tariff framework has helped reduce regional disparities and improve access to gas in distant and underserved regions. LPG connection coverage has also expanded from 14.5 crore in 2014 to over 33 crore.

Reaffirming the nation's commitment to increasing the share of natural gas in the primary energy basket from current level of around 6%, the Minister also pointed to the momentum generated by National PNG Drive 2.0. During the six-month drive from January to June 2026, around 12.10 lakh new PNG connections and 15.31 lakh DPNG registrations were achieved. The pace of daily DPNG additions increased from 4,702 to around 7,000, while daily additions of billed consumers rose from around 2,781 to around 7,500 during the same period.

During the West Asia crisis, the Government ensured continuity of essential gas supplies, while the CGD sector continued to expand PNG adoption and strengthen coordination with States and other stakeholders.

Addressing the gathering, the Secretary, Ministry of Petroleum and Natural Gas, emphasized the evolving role of regulation in driving actual gas adoption across sectors, stressing that success must now be measured not merely by pipeline length laid, but by actual gas consumption, molecule utilization, and the speed at which household PNG connections multiply. He encouraged CGD entities to leverage special schemes to reduce cost recovery timelines from 10–15 years to 2–3 years, thereby addressing major financial roadblocks to network expansion. He also underlined the importance of coordination between upstream, downstream, Oil PSUs and the Government to ensure an uninterrupted clean energy supply.

The Minister also highlighted PNGRB's technology-enabled approach to regulation through the National Hydrocarbon Infrastructure Monitoring System (NHIMS), which brings together infrastructure, administrative, transport, geographical and satellite data on a common digital platform. The system is expected to strengthen monitoring, planning and regulatory oversight and enable more informed and timely decision-making.

Looking ahead, the Minister underscored the need for faster and more effective digital grievance redressal, timely expansion of CGD networks into new areas, healthy competition, stronger sectoral capacity and a regulatory framework that keeps pace with India's sustainability and Net Zero objectives. PNGRB's continued independence and arm's-length position from administrative and commercial interests, together with a clear, transparent and predictable regulatory framework, will remain important in building confidence across the industry.

The Minister congratulated PNGRB on completing two decades and expressed his best wishes to its leadership, officers and the entire natural gas industry for continued progress in the years ahead.

3. 29th Energy Technology Meet Inaugurated in Goa, Highlights Innovation and India's Energy Security Priorities

The Centre for High Technology (CHT), Ministry of Petroleum & Natural Gas, organised the Energy Technology & Innovation Meet (ETIM) 2026, from 27–29 October 2026 at ATI-ONGC, Goa, in association with HPCL and FIPI. The central theme of ETIM 2026 was *"Accelerating Energy Innovation: From Research to Commercialisation."* The event focused on charting pathways to align Indian oil and gas sector with Net-Zero emissions targets, upgrading fuel value chains, and bolstering domestic energy security.

The event served as a major convergence point for domestic and international delegates, including energy policymakers, process licensors, research scientists, and process engineers. An industrial exhibition hall hosted leading technology and service providers who showcased cutting-edge equipment, digital solutions, and environmental compliance frameworks.

The event was inaugurated by Hon'ble, Union Minister of Petroleum and Natural Gas, Shri Hardeep Singh Puri. During the fireside chat, Shri Hardeep Singh Puri, highlighted India's effective response to global energy supply disruptions, particularly the West Asia crisis, through enhanced domestic production, diversified imports and coordinated efforts by OMCs, refineries and distribution networks. He emphasised that energy sourcing decisions were guided by national interests and domestic requirements, noting that despite having over one lakh retail outlets across the country, not a single outlet was allowed to run dry. The discussion also focused on strengthening long-term energy resilience through CBG, Sustainable Aviation Fuel and next-generation biofuels, alongside greater emphasis on indigenous R&D, start-ups and commercialisation of domestic energy technologies. He also highlighted the key government initiatives to strengthen India's energy security and diversify its energy mix. These included the GOBARdhan Scheme, with an outlay of ₹23,731 crore to promote compressed biogas and the circular bioeconomy, and Samudra Manthan, with an outlay of ₹84,084 crore to boost deepwater and ultra-deepwater oil and gas exploration.

A key announcement at the event was the development of a National Oil and Gas R&D Vision. To support its implementation, the government is establishing the National Hydrocarbon Technology Hub (NHTH), an expanded institutional platform to coordinate research and development across the sector.

Building on this focus on energy innovation and technological advancement, ETIM 2026 brought together the erstwhile Energy Technology Meet (ETM) of CHT and the R&D Conclave of FIPI, creating a comprehensive platform for the energy industry to deliberate on emerging technologies, research and innovation, and their transition from laboratory and pilot stages to commercial deployment. Director General, FIPI, Mr. V. Satish Kumar, was also present during the event. The meet provided a platform for policy dialogue, technology exchange across the energy value chain, showcasing research and practical solutions and industry collaboration, connecting technology needs with capabilities and potential partners.

FIPI organised its R&D conclave related sessions alongside the other sessions of ETIM, covering upstream innovation, energy transition pathways, and next-generation biofuels among others.

A key highlight of FIPI's R&D Conclave was Plenary Session held on 27th October, 2026 on "**Samudra Manthan Mission – Strategy, Policy and Enabling Framework**", which brought together senior policymakers and industry leaders, including Mr. Arun Kumar Singh, Chairman & CEO, ONGC; Dr. Ranjit Rath, CMD, OIL; Mr. Kartikeya Dube, Chairman, bp India; and Mr. Lalit Aggarwal, MD, SLB. Moderated by Mr. Anish De, Global Head – Energy, Natural Resources & Chemicals, KPMG, the session deliberated on policy and regulatory enablers, investment opportunities, indigenous technologies and innovation to accelerate deepwater and ultra-deepwater exploration in India.

On the next two days, a series of technical sessions featuring eminent speakers from industry, academia and research institutions were organised, covering key areas of innovation, technology development and emerging opportunities across the energy sector. The details of the sessions and speakers are as follows:

Day 2: 28th October, 2026

The technical sessions held on 28 October 2026 covered the following key areas:

- **Innovations in Upstream Operations – From Smart Wells to Enhanced Oil Recovery**: The session focused on smart wells, advanced sensors, real-time monitoring, AI, automation and enhanced oil recovery technologies to improve production performance and operational efficiency. Speakers included Mr. Trailukya Borgohain, Director – Operations, OIL; Mr. Bhaskar Chowdary N, Director – Production, ONGC; Mr. Gunjan Khatri, Country Head – Reservoir Performance, SLB; and Mr. Vaibhav Gupta, Business Development Manager, Silverwell Energy, UAE. The session was moderated by Mr. Santanu Das, ADG – Development, DGH.

- **Samudra Manthan Mission – Strengthening Deepwater Exploration through Innovations and New Technologies**: The discussion focused on AI, advanced analytics, digital technologies and next-generation drilling solutions to enhance deepwater exploration capabilities. Speakers included Mr. Trailukya Borgohain, Director – Operations, OIL; Ms. Nebula Bagchi, Head, Premier R&D Institute, ONGC; Mr. Neeraj Sethi, Country Director, Baker Hughes; Dr. Sudhir Mathur, Chief of Exploration, Vedanta Oil & Gas; and Mr. Aastik Saluja, BD Director, Fishbone, Norway. The session was moderated by Mr. Gaurav Gulati, Partner, Kearney.

- **Powering India's Upstream Data Future**: The session deliberated on NDR 2.0, data interoperability, cloud-enabled infrastructure, governance frameworks and AI-driven insights to unlock the potential of India's upstream data ecosystem. Speakers included Mr. Unnikrishnan Nair T R, Chief Operating Officer, Essar Oil & Gas; Prof. Hemant Kumar Singh, Department of Earth Sciences, IIT Bombay; and Mr. Rajeev Verma, Group General Manager, Head – EXCOM, ONGC. The session was moderated by Mr. Shreyansh Upadhyay, Partner, KPMG.

- **Path-breaking R&D in Refining & Petrochemical Process**: The session explored emerging catalyst technologies, process intensification, digital twins, AI and automation to enhance refining efficiency, improve yields and promote sustainable operations. Speakers included Mr. R. K. Kaushik Singha, ED – Refining & Technology, IOCL; Mr. VK Maheshwari, ED – R&D, HPCL; Dr. Bharat Newalkar, Head – R&D, BPCL; and Mr. Arun Arora, CTO, Lummus Technology. The session was moderated by Mr. Nandakumar V, Director – Refinery, MRPL.

Day 3: 29th October, 2026

The technical sessions held on 29th October further explored cross-sectoral R&D practices, emerging biofuel technologies and India's energy transition priorities:

- **Best Practices of R&D in Other Sectors**: The session focused on key learnings from other industries in translating research into commercial outcomes, including innovation governance, product development, industry-academia collaboration and technology adoption. Speakers included Mr. Raja Kaliappan, Head – R&D, Godrej Industries Limited; Mr. Munish Sudan, Chief IP Counsel and Technology Intelligence, Tata Steel; Mr. Subrahmanyam, Head – R&D, BHEL; Mr. Shishir Dahake, Data & AI – India Enterprises, TCS; and Mr. Aditya Fuke, Senior Manager – Strategic Projects, Smart Cities & IoT, Fraunhofer Office India, Bengaluru. The session was moderated by Mr. Jeffry, KPMG.

- **Next-Generation Biofuels – R&D Pathways for India's Energy Transition**: The discussion centred on the development and commercialisation of next-generation biofuels and Sustainable Aviation Fuel, covering feedstock innovation, process technologies, policy support and collaborative R&D. Speakers included Mr. Venkatesh Rao, President & SBU Head – Bioenergy, Praj Industries; Prof. Debasish Das, Department of Biosciences and Bioengineering, IIT Guwahati; Dr. Umish Srivastva, ED – R&D, IOCL; and Dr. Devkumar Gupta, Head of Innovation Project and Energy Solutions, Thermax Limited. The session was moderated by Dr. Vibha Dhawan, Director General, TERI.

- **R&D Roadmap for Energy Transition – Priorities, Partnerships and the Way Forward**: The session deliberated on priority R&D areas, strategic partnerships, carbon management solutions and institutional frameworks required to accelerate India's energy transition and strengthen its innovation ecosystem. Speakers included Mr. Subhajit Sarkar, ED – Operations, IOCL; Prof. S. Dasappa, Advisor, IISc Bengaluru; Prof. Yogendra Shastri, Department of Chemical Engineering, IIT Bombay; and Dr. Ajay Kumar, GM – Productions, ONGC. The session was moderated by Dr. Harendra Singh Bisht, Director, CSIR-IIP, Dehradun.

The three-day ETIM 2026 concluded with a collective emphasis on strengthening collaboration among industry, policymakers, research institutions and academia to accelerate innovation and technology commercialisation across the energy sector. FIPI expressed its gratitude to CHT, MoP&NG, all distinguished speakers, moderators, and delegates for their valuable contributions towards the successful conduct of the event. The deliberations and insights are expected to pave the way for stronger R&D partnerships, indigenous technology development and a more resilient and sustainable energy future for India.

4. Oil India discovers natural gas in Krishna-Godavari Basin, records peak flow of 200,000 SCMD

Oil India Ltd (OIL) has discovered natural gas in a shallow-water offshore block in the Krishna-Godavari Basin, with testing recording a peak flow rate of 200,000 standard cubic metres per day (SCMD).

The state-owned explorer said that the discovery was made in the previously unappraised Matsyapuri formation in a block secured through recent Discovered Small Field (DSF) bid rounds. The discovery was made at the Godavari-1 appraisal well in the KG-DSF/GSKW/2018 offshore block. Testing of a hydrocarbon-bearing zone at a depth of 2,024-2,027 metres began on October 16, 2026.

The well has flowed gas at around 100,000 SCMD, with the maximum rate of 200,000 SCMD recorded during continuous testing. OIL also reported condensate production of around 170 barrels per day.

5. Windfall Tax Reset: Petrol Exports Exempt, Diesel Duty Raised

The government has revised export duties on petroleum products, withdrawing the special additional excise duty on petrol exports while increasing levies on diesel and aviation turbine fuel (ATF). The revised rates were announced through notifications issued by the Ministry of Finance. Under the new structure, petrol exports will no longer attract an export duty, compared with the earlier levy of ₹2.50 per litre. The duty on diesel exports has been raised from ₹8.50 to ₹11.50 per litre, while the levy on ATF has increased from ₹10.50 to ₹11 per litre.

The latest changes form part of the government's fortnightly review of fuel export duties, which takes into account movements in international crude oil prices and refined petroleum product rates. The revision also reverses part of the October adjustment, when the government had increased the petrol export levy from ₹0.50 to ₹2.50 per litre while reducing the diesel duty from ₹16 to ₹8.50 per litre. The latest decision therefore reflects a change in the duty structure across the three major fuel categories, with petrol exports becoming duty-free and higher levies applying to diesel and ATF.

Fuel export duties have been revised several times in recent months as the government seeks to balance the interests of domestic consumers and refiners with changing conditions in international energy markets. The measures are intended to help ensure that adequate fuel supplies remain available within the country, particularly when overseas markets offer more attractive export margins. By adjusting duties periodically, the government seeks to influence export economics and

discourage excessive diversion of domestically available fuel when local supply requirements need priority.

The export levies were reintroduced in March this year following a sharp rise in global crude oil prices amid geopolitical tensions in the Middle East and disruptions to established energy supply routes. India's energy security concerns were further heightened by uncertainty surrounding shipping through the Strait of Hormuz, a major transit corridor for global oil trade and an important route for India's crude imports. The disruption prompted refiners to diversify sourcing arrangements and keep a closer watch on export commitments. The latest duty changes underline the government's continuing effort to respond to global market volatility while safeguarding domestic fuel availability.

The revised export duty structure provides relief to petrol exporters while increasing the tax burden on diesel and ATF exports. With international crude prices and geopolitical developments continuing to influence energy markets, the government's fortnightly reviews will remain an important tool for managing domestic fuel availability and export incentives.

6. India Highlights Regional Energy Cooperation and Energy Security at 20th EAS Energy Ministers' Meeting

Union Minister of State for Power and New & Renewable Energy, Shri Shripad Yesso Naik, represented India at the 20th East Asia Summit Energy Ministers' Meeting held in Manila, Philippines. Addressing the Meeting, Shri Naik emphasised India's commitment to strengthening regional energy cooperation, energy security and a secure, resilient, affordable and sustainable energy future.

Underscoring India's Act East Policy and its Comprehensive Strategic Partnership with ASEAN, the Minister welcomed the ASEAN Plan of Action for Energy Cooperation 2026–2030 and stressed cooperation under the ASEAN India Plan of Action 2026–2030, including the ASEAN Power Grid, regional power transmission, multilateral power trade, clean energy and energy security. He also recalled Prime Minister Shri Narendra Modi's announcement at the 22nd ASEAN India Summit in 2025 to support the ASEAN Power Grid initiative through training of 400 professionals on grid connectivity.

Shri Naik drew attention to India's significant progress in the power sector, with installed electricity generation capacity reaching 558.8 GW as on 30th September, 2026, including 308 GW of non-fossil capacity, accounting for 55% of total installed capacity. He also highlighted the progress under PM Surya Ghar, with approximately 5.01 million rooftop solar installations benefiting 5.95 million households as on September 29, 2026. He noted that India had achieved 50 per cent of cumulative installed electricity generation capacity from non-fossil sources in June 2025, five years ahead of its 2030 NDC target.

On regional interconnection, Shri Naik stated that India and Singapore are exploring options for a proposed 2,000 MW cross border power interconnection. One option under consideration is a land-based transmission corridor of approximately 3,000 km connecting Imphal in India to Singapore

through Myanmar, Thailand and Malaysia. The proposed interconnection has the potential to facilitate reliable cross border electricity trade, support clean energy integration and strengthen regional energy security.

The Minister expressed India's readiness to share its experience in large scale renewable energy deployment, grid integration, transmission planning, energy storage, green hydrogen and clean energy technologies with EAS participating countries. He also called for greater institutional linkages between the ASEAN Centre for Energy and Indian institutions including NTPC, POWERGRID, CEA, NIWE, NISE and NPTI.

Shri Naik further outlined opportunities for cooperation on strategic petroleum reserves, emergency preparedness, electricity system resilience, LNG and gas supply security, renewable energy forecasting, battery energy storage, green hydrogen and other emerging energy technologies. He also expressed India's interest in knowledge exchange and cooperation with ASEAN partners on CCUS and Carbon Credit Trading Scheme, taking into account the priorities and circumstances of participating countries.

He reaffirmed India's support for ASEAN's efforts to operationalise the Enhanced Memorandum of Understanding on the ASEAN Power Grid and deepen multilateral power trade.

7. Secretary (Power) holds Bilateral Meeting with the European Commission's Director General for Taxation and Customs Union- Mr. Gerassimos Thomas

Shri Pankaj Agarwal, Secretary, Ministry of Power, held a bilateral meeting with Mr. Gerassimos Thomas, Director-General for Taxation and Customs Union, European Commission in New Delhi. Discussions focused on India's carbon market development, the EU's Carbon Border Adjustment Mechanism (CBAM), and opportunities for enhanced technical cooperation.

Secretary (Power) highlighted India's progress under the Carbon Credit Trading Scheme (CCTS), including the notification of emission intensity reduction targets for 490 industrial units and the development of the domestic carbon market. He also highlighted India's progress in increasing the share of non-fossil sources in its electricity generation capacity, noting that non-fossil sources account for 308 GW of the country's total installed capacity of 558 GW.

The EU side appreciated India's progress in developing its carbon market and shared developments relating to CBAM implementation. Both sides expressed willingness to continue technical engagement on recognition of carbon pricing mechanisms, monitoring, reporting and verification (MRV) systems, and capacity building.

Both sides agreed to strengthen cooperation and facilitate continued dialogue on carbon markets, CBAM-related methodologies and other areas of mutual interest.

8. CEA Brainstorming Event: Making Indian Power Sector AI Enabled (International Conference cum Exhibition)

Under the theme "Making Indian Power Sector AI Enabled", the Central Electricity Authority (CEA) held the first day of its two-day international conference-cum-exhibition at Manekshaw Centre, New Delhi, on 14 October 2026.

Shri Manohar Lal, Union Minister for Power and Housing & Urban Affairs and Shri Prahlad Joshi, Union Minister of Education, Consumer Affairs, Food and Public Distribution & New and Renewable Energy Government of India, conveyed their messages on the occasion. Shri Shripad Yesso Naik, Union Minister of State for Power and New & Renewable Energy; Shri Jitin Prasada, Union Minister of State for Commerce & Industry and Electronics & Information Technology; Shri Pankaj Agarwal, Secretary, Ministry of Power; Shri Ghanshyam Prasad, Chairperson, CEA ; Shri Mayank Tewari, Additional Secretary, Ministry of New and Renewable Energy; were also present during inauguration.

The inaugural session featured addresses by senior government dignitaries and the leadership of CEA. Shri Pankaj Agarwal, Secretary, Ministry of Power and Shri Mayank Tewari, Additional Secretary, Ministry of New and Renewable Energy, addressed the gathering, highlighting the importance of advancing India's power sector in response to emerging challenges and technological developments. Further, Shri Ghanshyam Prasad, Chairperson, CEA, set the context for the conference. It was highlighted that CEA has already formed a team of 54 artificial intelligence (AI) enthusiast/ brand ambassador. They will take it forward in all areas of power sector. All power utilities may also have dedicated AI team.

The session also saw the launch of CEA's Vidhyut Dwar Portal and the release of the CEA Manual on Transmission Planning Criteria, 2026. The CEA Employee Awards were also distributed during the session, recognising outstanding performance and exceptional contributions by CEA employees.

The event brought together stakeholders from the power sector to deliberate on practical applications of AI across generation, regulation, renewable energy integration, transmission and distribution systems. The technical programme on Day 1 featured six parallel thematic discussions: Optimizing Generation through AI for Conventional Sources; Regulatory Reforms using AI; AI-Enabled Renewable Energy Integration for a Flexible Grid; Modernising Distribution through AI; Transmission Modernization, Grid Stability and System Restoration through AI; and AI-Enabled Rooftop Solar, Microgrids and Mini-Grids.

The session on conventional generation examined how AI may support heat-rate and combustion optimisation, flexible plant operation, predictive maintenance, digital twins, auxiliary-power optimisation and emissions monitoring. These applications may help improve plant availability and operational efficiency while enabling conventional stations to respond more flexibly to changing system requirements as renewable energy expands.

Discussions on regulatory reforms considered the use of AI, advanced analytics and digital tools for reviewing aggregate revenue requirement and tariff filings, validating submissions, organising regulatory knowledge, monitoring compliance and supporting market surveillance. The discussions also highlighted that AI may function as a human-supervised decision-support tool and may not replace statutory judgment, procedural fairness or regulatory accountability.

The session on renewable energy integration explored AI-based forecasting of variable renewable generation and demand, improved visibility of distributed energy resources, storage optimisation, congestion management and coordination of renewable assets through virtual power plants. The focus was on enabling a flexible and reliable grid through better data, forecasting and coordination of resources.

Modernisation of distribution systems was discussed with reference to the growing availability of smart-meter, network and asset data. Potential applications included demand forecasting, power-procurement optimisation, predictive maintenance of distribution transformers, outage detection and fault localisation, energy auditing, loss analytics, billing and revenue assurance, consumer services and regulatory reporting. These applications may support more reliable supply, lower losses and more responsive consumer services.

The discussion on transmission modernisation and grid stability examined AI-enabled network planning, corridor and right-of-way optimisation, drone-based inspection and computer vision, predictive maintenance, digital twins, dynamic line rating, congestion and contingency analysis, inertia forecasting, and decision support for system restoration and black-start preparedness. Participants considered the data, digital infrastructure, cybersecurity, governance and capacity-building requirements that would support adoption at scale.

The session on AI-enabled rooftop solar, microgrids and mini-grids focused on intelligent planning and operation of decentralised energy resources. Topics included rooftop solar identification and sizing, feeder-level forecasting, autonomous microgrid operation, storage optimisation, agriculture-feeder analytics, demand response and aggregation of rooftop solar, batteries, electric vehicles and flexible loads.

Across the discussions, a common theme was the need to move from isolated technology demonstrations towards prioritised, implementable use cases supported by reliable data, interoperability, appropriate safeguards, institutional capability and measurable performance indicators. The deliberations are intended to inform practical pathways for responsible adoption and scaling of AI applications in the Indian power sector.

The two-day brainstorming event is being organised as part of overall initiative aims to develop a coordinated and outcome-oriented approach to AI adoption across the electricity value chain, supporting efficient and flexible power supply, reliable and intelligent networks, responsive institutions, secure digitalisation and resilient domestic industrial capability.

9. India and Saudi Arabia Discuss the bilateral Electrical Interconnection Initiative

Shri Pankaj Agarwal, Secretary, Ministry of Power, held a virtual bilateral meeting with H.E. Eng. Nasser Al-Qahtani, Assistant Minister of Energy for Electricity Affairs, Kingdom of Saudi Arabia, to review the progress of the India–Saudi Arabia Electrical Interconnection initiative and explore avenues for strengthening cooperation in the power sector.

The discussions focused on the progress of the proposed electrical interconnection between India and Saudi Arabia, which holds significant potential to deepen bilateral energy cooperation. Both sides exchanged views on the way forward and underscored the importance of sustained engagement to advance the initiative.

The two sides also explored opportunities to broaden cooperation in other areas of mutual interest in the power sector, with an emphasis on technical collaboration, knowledge sharing and the exchange of best practices.

The Saudi Arabian side expressed interest in enhanced cooperation in the areas of Extra High Voltage (EHV) transmission systems, addressing technical and operational challenges associated with higher penetration of renewable energy in the grid, strategies for accommodating the growing power requirements of emerging data centres, and updating grid codes to address evolving power system requirements.

Both sides reaffirmed their commitment to maintaining constructive dialogue to further deepen the India–Saudi Arabia partnership in the power sector.

10. Ministry of New and Renewable Energy organized World Hydrogen and Fuel Cell Day 2026

On the occasion of World Hydrogen and Fuel Cell Day, the Ministry of New and Renewable Energy (MNRE) organised an event at the Atal Akshay Urja Bhawan, New Delhi. Over 100 government officials, industry representatives, researchers and experts took part in discussions on the standards and safety measures needed for the use of Hydrogen in India.

The event included two panel discussions on Hydrogen standards and safety at Hydrogen facilities. Representatives from the Council on Energy, Environment and Water (CEEW), Bureau of Indian Standards (BIS), Petroleum and Natural Gas Regulatory Board (PNGRB), Petroleum and Explosives Safety Organisation (PESO), Oil Industry Safety Directorate (OISD), and other research and industry organisations joined the discussions.

Participants shared their experiences and discussed how clear standards and safety measures can support the wider use of Hydrogen in India.

The discussions emphasised the need to establish clear standards for producing, storing, transporting and using Hydrogen, better testing and training to help people work safely with Hydrogen, and closer coordination between government agencies, industry and experts.

The valedictory session was graced by Chief guest Prof. Ajay Kumar Sood, Principal Scientific Adviser to the Government of India. Shri Akash Tripathi, Managing Director, Solar Energy Corporation of India (SECI), delivered the special address, while Shri Mohammad Rihan, Director General, National Institute of Solar Energy (NISE), also addressed the gathering. Shri Abhay Bakre, Mission Director, National Green Hydrogen Mission, MNRE, gave the opening remarks. Shri Sujit Pillai, Scientist F, MNRE, delivered the vote of thanks.

A report titled "India's Hydrogen Standards: Gap Assessment and Preliminary Action Framework", prepared in association with Boston Consulting Group (BCG), was also released at the event. The report analyses the existing Hydrogen standards, identified in the country and areas that need attention and steps to address them.

The National Green Hydrogen Mission was approved in January 2023 with an outlay of ₹19,744 crore. It aims to make India a global hub for producing, using and exporting green Hydrogen and related products. The Mission targets an annual green Hydrogen production capacity of 5 million metric tonnes by 2030. It supports production, equipment manufacturing, pilot projects, research and training.

11. India hosts Agrivoltaics World Conference 2026 for the first time in the Global South

Union Minister of Agriculture and Farmers Welfare of India Shri Shivraj Singh Chouhan and Union Minister for New and Renewable Energy, Education and Consumer Affairs, Food and Public Distribution, Shri Pralhad Joshi jointly inaugurated the three days AgriVoltaics World Conference 2026.

The Agriculture Minister while addressing the inaugural session, emphasised that under the leadership of Hon'ble Prime Minister Shri Narendra Modi, farmers could become both Annadatas and Urjadatas by adopting solar energy alongside farming. Shri Chouhan highlighted that the integration of agriculture and solar power could promote global welfare and enhance farmers' economic prosperity. He stressed that agrivoltaics policies must be designed to meet the practical requirements of India's small and marginal farmers, who constitute more than 85 per cent of the farming community.

Shri Chouhan explained that agrivoltaics enables solar power generation through panels installed above agricultural land while allowing crops to grow. He noted that electricity had become indispensable to modern life and agriculture, making the integration of energy generation with farming an important step towards farmers' welfare.

Highlighting India's agricultural progress, the Minister recalled that the country was earlier dependent on foodgrain imports to meet its food security requirements. He stated that India's foodgrain stocks were now well supplied with wheat and rice, reflecting the contribution of farmers. He further noted that the agricultural sector had sustained a growth rate of 4.5 per cent and that agricultural exports had reached a record USD 52.55 billion.

The Union Agriculture Minister drew attention to the structural challenges faced by agriculture sector, noting that the average landholding in the country was only 0.96 hectares. He emphasised that agrivoltaics models must allow farmers to continue cultivation instead of replacing farming with solar power generation.

He called for practical system designs that accounted for panel height, spacing between support structures and the movement of agricultural machinery, enabling farmers to undertake ploughing and change crops and cropping patterns according to their needs.

Shri Chouhan also underscored the need for effective rainwater drainage and harvesting arrangements to prevent soil erosion and ensure the optimal use of water. He further advocated the active involvement of Farmer Producer Organisations (FPOs) and training for rural youth and women in equipment operation, repair and maintenance to create employment opportunities in villages.
Union Minister for New and Renewable Energy Shri Pralhad Joshi while delivering the address highlighted India's progress in expanding clean energy capacity alongside economic growth. He stated that India's non-fossil fuel-based installed electricity capacity had reached 308.03 GW, accounting for more than 55 per cent of the country's total installed electricity capacity of approximately 560 GW.

The New & Renewable Energy Minister highlighted India's broader economic and technological transformation under the visionary leadership of Hon'ble Prime Minister.

Emphasising the importance of balancing food security, energy requirements and land availability, the Minister described agrivoltaics as an approach that could enable farmers to earn from both cultivation and electricity generation on the same land. He reiterated the principle of "One land, two harvests".

He quoted a study by The Energy and Resources Institute (TERI) that estimated 47.5 million hectares, or approximately 30 per cent of India's 160 million hectares of cropland, were technically suitable for agrivoltaics. One deployment scenario covering 16 million hectares estimated annual electricity generation of 12,775 TWh, potentially comparable to or exceeding India's projected electricity demand of 5,250–10,020 TWh by 2050. The Minister noted that these were technical estimates and that actual deployment would depend on local conditions and feasibility. Maharashtra, Rajasthan, Andhra Pradesh, Madhya Pradesh, Karnataka and Uttar Pradesh together accounted for nearly 50 per cent of India's estimated agrivoltaic potential.

Shri Joshi highlighted that agrivoltaics could be adapted to different agricultural activities, including fruit and plantation crops, vegetables, spices, horticulture, floriculture and fodder, as well as livestock

rearing in suitable settings. He noted that field studies had indicated potential yield improvements of 10–20 per cent for certain crops and reductions of around 30 per cent in water consumption under suitable systems.

The Minister also highlighted the potential to integrate agricultural infrastructure with electricity-grid planning. He noted that more than 7.70 lakh geo-tagged rural facilities had been mapped under the PM Gram Sadak Yojana and that over 400 integrated cold-chain projects had been approved under the PM Kisan SAMPADA Yojana. He suggested that agricultural facility maps could be integrated with grid infrastructure to identify suitable project locations near mandis, warehouses and cold chains, thereby improving logistics and project viability.

Highlighting existing efforts to expand solar energy in agriculture, Shri Joshi noted that PM-KUSUM had supported decentralised solar power plants, standalone solar pumps and the solarisation of existing grid-connected pumps, including feeder-level solarisation. He also highlighted the contribution of decentralised solar capacity, which had reached 16.3 GW during the previous year, comprising 7.6 GW under PM-KUSUM and 8.7 GW under rooftop solar, largely through the PM Surya Ghar Muft Bijli Yojana, which had crossed 63 lakh beneficiaries.
The Minister announced that one of the world's most ambitious agrivoltaic programmes would be launched under the next phase of PM-KUSUM. He stated that the initiative would provide an opportunity to further expand solar energy in agriculture by aligning the scheme with existing agricultural programmes. He noted that elevated and tilted structures could make agrivoltaic plants 25–30 per cent more expensive than conventional ground-mounted solar installations, and that the government aimed to bridge this cost gap by supporting AgriPV capacity creation.

Shri Joshi observed that the average cost of electricity supply had been around ₹7 per unit in 2025–26, while some agrivoltaic assessments indicated potential generation costs of ₹3.20–₹3.30 per unit under specific assumptions. He highlighted that competitive project designs and financing models could help make agrivoltaics commercially viable.

Referring to international experience, the Minister noted that the global agrivoltaics market had surpassed 18.4 GW of installed capacity in 2025. He highlighted Italy's €1.7 billion funding programme for farmers, solar developers and research institutions; Japan's opening of all categories of farmland to agrivoltaics and support for small-scale systems through preferential tariffs; and Germany's linkage of support to continued agricultural use and minimum crop-yield requirements.

He further highlighted the employment potential of the sector. According to the AgriPV Manual of the Center for Study of Science, Technology and Policy, agrivoltaics could generate between 1.10 lakh and 3.32 lakh full-time-equivalent jobs, contributing to agricultural productivity, skills development, entrepreneurship and rural employment.

The Minister emphasised the importance of international partnerships in developing agrivoltaic solutions suited to the needs of the Global South. He acknowledged the contributions of German

partners, the Indo-German Cooperation on Agrivoltaics, the International Solar Alliance and other institutions working to advance the sector. He noted that countries across Africa, Asia and Latin America faced common challenges relating to smallholder farmers, water stress, reliable clean energy and affordable technologies, and called for cooperation based on mutual learning and locally adapted solutions.

Shri Joshi highlighted the launch of the Global Agrivoltaics Climate-Zone Technical Framework as an important step towards wider adoption of the technology. The framework was intended to support governments, farmers, developers, researchers and financiers in making informed decisions, establishing technical standards and moving from isolated pilot projects towards broader implementation.

Secretary, Ministry of New and Renewable Energy, Shri Santosh Kumar Sarangi highlighted the contribution of PM-KUSUM in promoting solar energy in agriculture. He stated that approximately 25 lakh pump sets had been solarised under the programme, benefiting around 25 lakh farmers by enabling them to replace diesel-powered pumps with solar-powered alternatives. He also highlighted the programme's contribution to reducing diesel consumption and foreign exchange expenditure on crude oil imports.

Shri Sarangi noted that the Ministry was working with the Ministry of Agriculture and Farmers Welfare to develop the next phase of PM-KUSUM with a broader focus on farmers' progress, income generation and improved livelihoods. He emphasised the importance of partnerships with international and national institutions and highlighted ongoing efforts to develop appropriate electricity procurement models involving power distribution companies and state energy departments to support agrivoltaics at scale.

Present during the opening ceremony were Shri Shripad Yesso Naik, Minister of State for New & Renewable Energy and Power and Secretary Agriculture and Farmers Welfare of India, Shri Atish Chandra and others. The three days world conference will conclude on 23rd October, 2026.

12. India Leads Globally with Green Hydrogen Offtake Commitments Exceeding 5.5 Lakh MTPA Till October 2026

As of October 2026, total Green Hydrogen offtake firm and signed commitments by India companies have reached 5,55,610 MTPA. This accounts to approximately 11% of the National Green Hydrogen Mission's target. This makes India a Global Leader in Green Hydrogen space.

Fulfilling these comprehensive domestic and international agreements would require aggregate capital investment exceeding ₹90,000 Crore (approximately USD 9.5 Billion).

The National Green Hydrogen Mission (NGHM) was approved by the Cabinet with an initial outlay of ₹19,744 crore up to the year 2029-30. The objective of the Mission by 2030 is to produce at least 5

Million Metric Tonnes per Annum (MMTPA) of Green Hydrogen. Further, the expected outcomes of the Mission include RE capacity addition of 125 GW, over Rs. 8 lakh crores in total investments, creation of over 6 lakh full-time jobs and aversion of 50 MMT per annum of CO_2 emissions.

Indian enterprises have forged vital strategic partnerships and binding Green Hydrogen offtake agreements spanning major global markets. Notable contracts include:

1. ACME Group, India has signed an offtake agreement for the supply of 4,88,000 Metric Tonnes per Annum (MTPA) of Green Ammonia with IHI, Japan.
2. ACME Group has also signed an agreement for the supply of 1,00,000 MTPA of Green Methanol to Mitsubishi Gas Chemical (MGC), Japan.
3. L&T and ITOCHU have formed a Special Purpose Vehicle (SPV) for the supply of 3,00,000 TPA of Green Ammonia, with deliveries expected to commence from December 2029.
4. Reliance Industries Limited (RIL) has entered into a long-term Supply and Purchase Agreement with Samsung C&T Corporation, South Korea, valued at over USD 3 billion, making it one of the largest Green Ammonia off take contracts globally. Deliveries under this agreement are expected to begin by 2028.
5. Agastya is in the process of offtake for the supply of 2,50,000 MTPA of Green Methanol to SAR, Sri Lanka.
6. AM Green has been selected as the sole winner of the Asian lot in the H2Global auction run by HINT.CO GmbH, securing a long-term purchase agreement for the supply of Renewable Fuels of Non-Biological Origin (RFNBO) ammonia to Germany. Under this agreement, Hintco will purchase ammonia from AM Green for a minimum value of EUR 585 million over a period of 10 years. The first deliveries to Germany are expected in 2029.
7. AM Green has also signed a firm off-take agreement with Uniper, Germany for the supply of 2,50,000 MTPA of Green Ammonia
8. AM Green signed a binding head of agreement with Japan's major power producer JERA for the long-term supply of 70,000 MTPA of green ammonia.
9. Jouno Joules has signed an offtake agreement with Select Energy GmbH for 600 TPD (about 2,19,000 MTPA) of Green Ammonia.

Alongside export metrics, substantial domestic demand has been solidified under targeted government frameworks:

1. Under the Strategic Interventions for Green Hydrogen Transition (SIGHT) Programme of the Mission, agreements have been signed for the production and supply of 6,70,000 MTPA of Green Ammonia to 11 Fertilizer units spread across the country.
2. Similarly, under the SIGHT Programme, projects have been awarded for the production and supply of 30,000 MTPA of Green Hydrogen to the refineries of IOCL, BPCL, HPCL and NRL.

13. India's Nuclear Programme Dedicated to Peaceful Purposes, Says Union Minister Dr. Jitendra Singh; Nuclear Energy to Power AI-Driven Future

Union Minister Dr. Jitendra Singh has said that India's nuclear programme is dedicated to peaceful purposes and not warfare, reaffirming the vision that has guided the country's nuclear journey since its inception.

In an exclusive conversation on the sidelines of 'Bloomberg Economy Forum 2026', the Minister said nuclear energy would play an increasingly important role in meeting India's future energy requirements, including the growing demand for reliable electricity to support Artificial Intelligence (AI) and data centres.

Recalling the vision of Dr. Homi Bhabha, the architect of India's nuclear programme, Dr. Jitendra Singh said India had consistently pursued nuclear energy for peaceful applications and national development. The commitment to the peaceful use of nuclear technology, he said, remains central to the country's approach as it expands its capabilities to meet emerging developmental and technological needs.

The Minister said India's nuclear energy ambitions must be viewed in the context of its long-term development goals and clean energy commitments. With the country targeting 100 GW of nuclear power capacity by 2047 and Net Zero emissions by 2070, nuclear energy is expected to complement other sources of power by providing a continuous and reliable supply of clean electricity.

Linking nuclear energy with the next phase of technological growth, Dr. Jitendra Singh said the expansion of Artificial Intelligence and data centres would require dependable sources of electricity capable of meeting their substantial and continuous energy needs. Nuclear energy, he said, would supplement India's other energy programmes and contribute to meeting the power requirements of an increasingly technology-driven economy.
On the expanding role of Artificial Intelligence, the Minister said AI should be viewed as a tool applicable across sectors rather than as a domain in itself. From Space and life sciences to other areas of scientific and technological development, AI is set to become an increasingly necessary instrument. Emphasising the importance of human judgement in its application, he said, "One has to be intelligent enough to use Artificial Intelligence."

Dr. Jitendra Singh said AI offers significant advantages across domains, but ensuring its optimal use without allowing it to be misused by individuals or other actors remains a key challenge. While regulations are in place, he said integrity at both the individual and national level is fundamental to ensuring that the technology is used responsibly. India, he added, has made appreciable efforts in this direction under the leadership of Prime Minister Narendra Modi.

The Minister also referred to the wider opening of critical and sensitive sectors to non-government players under the Modi Government. He said the approach has expanded the scope for private sector

participation in areas that were traditionally more restricted, creating opportunities for industry to contribute to technological advancement, innovation and national development.

Dr. Jitendra Singh's remarks bring together two important dimensions of India's development trajectory: strengthening nuclear energy as a dependable source of clean power and harnessing emerging technologies such as AI through responsible, human-led application. As India advances towards its 2047 development goals and its 2070 Net Zero commitment, reliable energy infrastructure and wider participation in strategic sectors will remain important to sustaining the country's technological and economic ambitions.

14. Coal stocks at power plants remain stable above 18 MT; depletion thins out in October 2026 as coal supplies strengthen

The coal stocks at domestic coal-based power plants have remained stable above 18 million tonnes (MT) since 29 September 2026. Stock was 18.932 MT on 29 September and is at 18.205 MT on 10 October 2026. The stabilisation reflects coal supplies keeping pace with daily consumption at power plants and the supply to the plants with critical stocks is being closely monitored, with requirement-based redistribution of coal to vulnerable stations to ensure adequate supplies and uninterrupted power generation.

Stock accretion was recorded on two dates in October 2026:

- 2 October 2026: 0.024 MT
- 10 October 2026: 0.017 MT

The pace of depletion has eased considerably in October compared to September:

- In September 2026, stock declined by about 7.28 MT over the month, an average of about 0.24 MT per day.
- In the first ten days of October 2026, stock declined by only about 0.56 MT in total, an average of about 0.06 MT per day.

Higher rake loading has driven this improvement. Rakes loaded to the power sector averaged 469 rakes per day in October 2026 (1–10 October), against 426 rakes per day in September 2026, an increase of about 10%. Daily rake loading in October has ranged between 447 and 482 rakes.

As a result, actual coal supply to the power sector averaged 2.49 MT per day in October 2026, against 2.21 MT per day in September 2026. The actual coal supply in October 26 (till 10.10.2026) is higher than supply plan of 2.37 MT per day, and supply exceeded the plan on nine of the ten days.

The Ministry continues to work in close coordination with Coal India Limited (CIL), SCCL, the Ministry of Railways and power utilities to ensure sustained coal evacuation and supply, thereby maintaining adequate coal stocks at thermal power plants. The Ministry of Coal duly acknowledges and

appreciates the continued support and professional commitment of Indian Railways in facilitating the efficient movement of coal.

15. Ministry of Road Transport and Highways (MoRTH) updates rules to facilitate E85/E100 flex fuel vehicles

The Ministry of Road Transport and Highways has notified amendments to the Central Motor Vehicles Rules, 1989, to support the adoption of flex fuel vehicles capable of using E85 and other high ethanol fuels. The amendments update the emission certification provisions by expressly including E100 alongside E85. Vehicles certified for these fuels must meet the emission and safety requirements applicable to their category.

E85 is a petrol and ethanol blend containing up to 85 per cent ethanol by volume. The letter E denotes ethanol, while the number indicates its proportion in the fuel.

Flex fuel technology is already used in countries such as Brazil and the United States. These vehicles are specially designed to operate on a range of ethanol and petrol blends using a single fuel tank. Depending on the vehicle's design and certification, this range may extend to E85 or E100, a fuel consisting predominantly of ethanol. Fuel system components and materials are selected for the approved blends, and engine controls automatically adjust operation to the fuel composition. This gives users flexibility to choose fuels within the range certified and declared by the manufacturer.

Greater use of domestically produced ethanol can reduce dependence on imported crude oil. Use of ethanol in suitably designed vehicles can help reduce certain exhaust pollutants and lower greenhouse gas emissions over the fuel's production and use, depending on the feedstock and production process.

E85/E100 is intended only for vehicles specifically designed and certified to use it and will not be applicable to the other vehicles generally available in the market or used till date. A vehicle's compatibility with E10 or E20 alone does not establish suitability for E85. This notification does not require owners of existing vehicles to switch to E85 or modify their vehicles either at present or in the future. Motorists should check the fuel compatibility sticker on their vehicle and follow the manufacturer's guidance in the owner's manual while opting for the fuel choice at the fuel station.

The notification also updates biodiesel-related provisions and makes technical corrections. The rules take effect from the date of their publication in the Official Gazette.

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