FIPI

Federation of Indian Petroleum Industry



POLICY & ECONOMIC REPORT

OIL & GAS MARKET



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Impact of economic factors on Oil & Gas sector in India

India's oil and gas sector continues to play a critical role in supporting economic growth, industrial activity, mobility and energy security. The broader economic environment in 2026 remains resilient, with India's GDP growth projected at 7.0% in FY2026 and 7.1% in FY2027. Strong domestic demand, public investment, manufacturing activity and infrastructure development provide a supportive backdrop for energy demand. At the same time, elevated global energy prices, geopolitical uncertainties and continuing volatility in energy-related commodity prices present important 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, petrochemicals and other industrial segments. Real GDP growth of 7.8% year-on-year in the first quarter of FY2026 was supported by strong services and manufacturing activity, while investment pipelines remained particularly strong in areas such as energy and data centres.

The strengthening of manufacturing activity is particularly relevant for the oil and gas sector. The September 2026 Manufacturing PMI increased to 55.7, while manufacturing output rose sharply, indicating stronger operating conditions, new orders and purchasing activity. This broader industrial momentum can support demand for transportation fuels, refinery products, natural gas and petrochemical feedstocks.

Refining and petroleum products remain relatively resilient

Within the core infrastructure sectors, refinery products recorded 2.6% year-on-year growth in August 2026. Although this represented a moderation from July, it indicates continued resilience in downstream activity. Refinery products also carry a significant 22.572% weight in the Index of Eight Core Industries, making refinery performance an important contributor to overall industrial activity. India's petroleum-product exports also performed strongly. Petroleum product exports increased by 63.27% year-on-year in August 2026 to US$6.81 billion. This highlights the continued importance of India's refining capacity in meeting both domestic requirements and international market demand. The strong export performance also reinforces the potential of the downstream sector to contribute to India's external trade and foreign-exchange earnings.

Domestic crude oil and natural gas production remains a key concern

While downstream activity remains comparatively strong, domestic upstream production continues to face challenges. Crude oil production declined by 3.6% and natural gas production by 4.9% in August 2026. The contraction in domestic production represents a divergence from the stronger performance of refinery products and other core infrastructure sectors.

This trend underlines the continuing importance of strengthening domestic exploration and production, improving recovery from mature fields, deploying advanced technologies and accelerating development of discovered resources. Greater domestic production would also support India's broader objective of enhancing energy security and reducing vulnerability to international commodity-price movements.

Higher energy prices and cost pressures

Energy-price volatility remains one of the most significant risks for the oil and gas industry. Wholesale inflation in the Fuel and Power category accelerated to 22.93% in August 2026, while mineral-oil inflation increased to 38.48%. Inflation in crude petroleum and natural gas remained elevated at 34.41%. These movements can transmit higher costs across transportation, manufacturing and other energy-intensive sectors.

Outlook

Strong economic growth, manufacturing activity, infrastructure investment and petroleum-product exports provide a favourable demand and downstream environment. However, declining domestic crude oil and natural gas production and elevated energy-price volatility remain areas requiring focused policy and industry attention.

The sector's future resilience will therefore depend on balancing growing energy demand with enhanced domestic production, technological innovation, efficient refining, diversified supply sources and greater operational efficiency.

Executive Summary

The global economy remained resilient during September 2026, despite heightened geopolitical tensions, renewed disruptions to energy supplies and tighter global financial conditions. Global growth moderated during the first half of the year, but the impact of the energy shock was partly cushioned by additional energy supplies, oil inventory drawdowns, substitution towards alternative energy sources and government support measures. At the same time, strong artificial intelligence (AI)-related investment and technology production continued to provide an important source of economic momentum, particularly across the United States, Canada, Australia and major Asian economies. Global growth is projected at 2.9 per cent in 2026 and 3.0 per cent in 2027, although the outlook remains subject to significant energy, geopolitical and financial-market risks.

The global inflation outlook became more challenging during the month, with renewed increases in energy prices pushing headline inflation higher across several economies. Brent crude prices rose above US$100 per barrel, while European natural gas prices also increased sharply amid concerns over supply and winter storage. The energy shock has increasingly spilled over into global financial markets, with the US 10-year Treasury yield rising above 5 per cent and long-term borrowing costs increasing across major economies. The interaction between elevated energy prices, persistent inflation and higher interest rates has consequently emerged as a key risk to global growth and investment.

Against this global backdrop, India's domestic economy continued to demonstrate considerable resilience. The ADB raised India's FY2026 growth forecast to 7.0 per cent, supported by stronger-than-expected investment demand, robust capital expenditure and resilient services exports, while growth is projected at 7.1 per cent in FY2027. Real GDP growth stood at 7.8 per cent year-on-year in the first quarter of FY2026–27, supported by strong services and manufacturing activity. Public investment, an improving private investment cycle, technology-related exports and resilient domestic demand continued to provide important foundations for economic expansion.

India's growth outlook nevertheless remains exposed to external and domestic risks. Higher global energy prices could increase production and transportation costs, while trade disruptions and weaker global demand could affect merchandise exports. Weather-related risks have also emerged as a concern, with monsoon rainfall remaining below normal and the possibility of weaker agricultural output and higher food prices. Despite these challenges, India's combination of public capital expenditure, manufacturing capacity expansion, services growth and technology-led exports is expected to support continued economic momentum.

Inflationary pressures in India strengthened during August. Headline CPI inflation increased to 4.82 per cent, while food inflation rose to 5.95 per cent. Wholesale price inflation remained considerably higher at 9.92 per cent, driven particularly by fuel and power, manufactured products and mineral oils. The continued divergence between retail and wholesale price pressures highlights the importance of monitoring energy and input costs, particularly amid elevated international crude oil and natural gas

prices. Against this backdrop, the RBI maintained the repo rate at 5.25 per cent and retained a neutral, data-dependent monetary policy stance.

India's external sector remained resilient, supported by a strong reserve position and robust services exports. Foreign exchange reserves reached a record US$785.71 billion as of 4 September 2026, providing a substantial buffer against external shocks, commodity-price volatility and global financial-market pressures. India's total exports of merchandise and services increased by 25.41 per cent year-on-year in August to US$82.68 billion, while services exports continued to provide a strong cushion to the external balance. Electronic goods, petroleum products and engineering goods were among the major contributors to merchandise export growth.

Industrial activity remained broadly supportive, although sectoral performance continued to be uneven. The Index of Eight Core Industries grew by 4.8 per cent in August, led by cement, electricity, iron ore and steel, while crude oil and natural gas production declined by 3.6 per cent and 4.9 per cent, respectively. At the same time, private-sector activity strengthened in September, with the Composite PMI rising to 56.5, Manufacturing PMI to 55.7 and Services PMI to 55.8, indicating a broad-based improvement in business activity, output and employment. The strengthening of manufacturing and services activity provides a positive signal for near-term growth, even as weakness in domestic hydrocarbon production remains a concern.

The month also witnessed developments reinforcing India's medium- and long-term economic and energy-transition prospects. Japan Credit Rating Agency upgraded India's sovereign rating from 'BBB+' to 'A-' with a Stable Outlook, recognising sustained economic growth, improved fiscal quality, stronger financial-sector fundamentals and a resilient external position. Meanwhile, India's transition towards renewable energy is expected to generate substantial investment opportunities, with more than ₹4 lakh crore estimated to be required for energy storage by FY2031–32, alongside significant investment in transmission infrastructure. These developments highlight India's growing economic resilience while underscoring the importance of energy security, infrastructure development, domestic energy production and investment in emerging technologies for sustaining growth amid an increasingly uncertain global environment.

As far as oil and gas industry is concerned, benchmark crude oil prices surged to their highest level since May as negotiations between the United States and Iran to end the war in the Middle East remained at an impasse amid renewed hostilities. ICE Brent futures traded at $105/bbl, up $21/bbl since the start of August and 45% above pre-war levels, while physical benchmarks were significantly higher. However, the rise in both crude futures and physical prices pales in comparison with those for refined products, where market tightness is now most acute. Diesel/gasoil, which accounts for nearly 30% of global demand, saw prices in the United States surpass the $200/bbl mark in early September, 94% above pre-war levels, with Europe and Asia not far behind.

The widening differential between crude and refined products has pushed refinery margins to record levels in the Atlantic Basin. Total oil exports from Gulf countries in August are currently estimated around 13 mb/d, nearly half their pre-war level. Crude losses appear to have narrowed to just below 45%,

supported by increased flows bypassing the Strait, as well as US military escorts protecting flows through Hormuz. However, refined product and LPG exports remain nearly 60%, or 3.7 mb/d, less than in February.

Hedge funds and money managers turned more bullish on oil prices in August. The combined ICE Brent and NYMEX WTI net long positions rose by 12% between the weeks of 28 July and 25 August, as geopolitical tensions persisted and money managers positioned for potential oil supply disruptions. The rise in net long positions was concentrated in ICE Brent futures and positions, which increased by about 21% over the period.

Natural Gas spot prices at the US Henry Hub benchmark averaged $2.78 per million British thermal units (MMBtu) in August 2026. Henry Hub's natural gas prices declined in August after increasing for two consecutive months. Strong US gas production coupled with ample storage levels dragged prices down. According to data from the US Energy Information Administration, US average weekly underground storage increased by 3.8%, m-o-m. Higher US LNG exports limited the downward pressure amid elevated global LNG benchmarks. Prices were down by ~4.5%, y-o-y.

Economy in Focus

1. A snapshot of the global economy

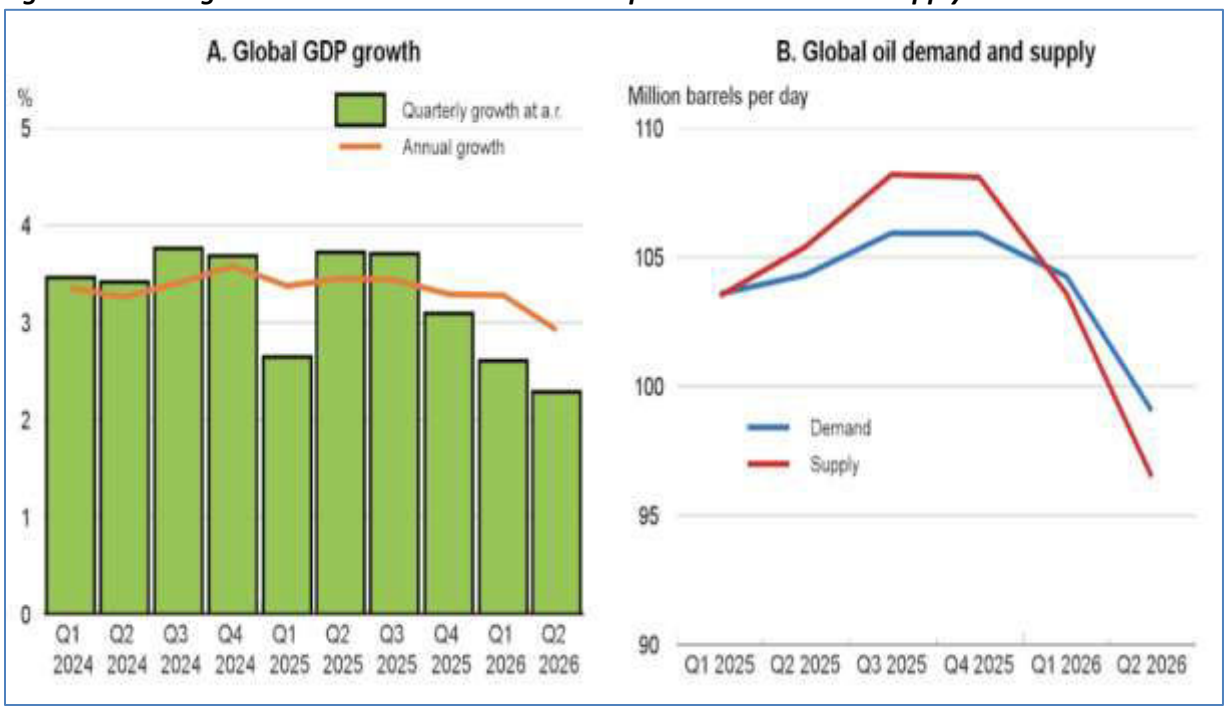
Global Economic Outlook

The global economy has remained resilient in 2026 despite the economic effects of the conflict in the Middle East and a sharp increase in energy prices. According to the September 2026 OECD Interim Economic Outlook, global growth moderated to an annualised rate of 2.6% in the first half of 2026, down from 3.6% in the second half of 2025. While output fell sharply in economies directly affected by the conflict, including Saudi Arabia, activity proved more resilient than anticipated across many energy-importing and energy-exporting economies. The impact of the energy shock was partly cushioned by additional energy supplies from outside the Gulf, drawdowns of oil inventories, substitution towards alternative energy sources and discretionary government support measures.

A significant counterweight to the adverse effects of the energy shock has been the continued strength of artificial intelligence (AI)-related investment and production. In economies such as the United States, Canada and Australia, investment in data-centre structures and technology equipment contributed to stronger GDP growth in the second quarter. This investment also generated spillover effects across economies producing semiconductors, technology equipment and construction-related inputs. Korea and Japan, as major semiconductor producers, recorded a substantial increase in technology exports, while China also benefited from developments in the technology sector. In several emerging-market economies, including India, Indonesia and Brazil, resilient domestic demand and government measures cushioning households and firms from higher energy costs provided additional support to economic activity.

The resilience of global activity, however, continues to coexist with significant energy-market and geopolitical risks. S&P Global Market Intelligence's September 2026 Global Economic Outlook points to a more challenging near-term environment as renewed disruptions to energy production and exports have pushed oil and gas prices higher. Brent crude prices moved back above US$100 per barrel, with the average price during the first half of September more than 40% above the early-July low. European natural gas prices have also risen by more than 30% since late July to above $27/MMBtu, reflecting concerns over storage levels and potential winter supply shortages. Elevated refining margins arising from production constraints have added further pressure to energy costs. These developments have increased risks to both consumer prices and business costs.

Figure 1: Global growth has moderated amid a sharp deterioration in oil supply and demand



Source: OECD Interim Economic Outlook 120 database; IEA Oil Market Report and OECD calculations.

The economic consequences of the energy shock have also been moderated by developments in energy demand and supply. In particular, China recorded a sharp reduction in energy imports, a marked decline in inventories and lower oil consumption, helping to partly rebalance global energy markets. At the same time, additional supply from outside the Gulf economies and the release of oil reserves have provided some offset to the reduction in Gulf production. Nevertheless, the outlook remains highly dependent on the duration of supply disruptions and the pace at which energy markets normalise. A faster normalisation would ease inflationary pressures and support global activity, while renewed or prolonged disruptions could simultaneously weaken growth and increase inflation.

Financial conditions have also become more challenging, particularly in sovereign bond markets. The 10-year US Treasury yield has risen to around 5%, approximately 100 basis points above its level prior to the US-Iran conflict, while long-term yields have also increased in the United Kingdom and France amid concerns over fiscal positions. Higher borrowing costs could weigh on investment and consumption and reduce fiscal and monetary policy space. At the same time, broader financial conditions remain comparatively supportive, reflecting elevated equity-market valuations and improved credit growth. The combination of higher sovereign yields and substantial bond issuance, including by firms investing heavily in AI, nevertheless presents a potential source of financial-market repricing if expected investment returns fail to materialise.

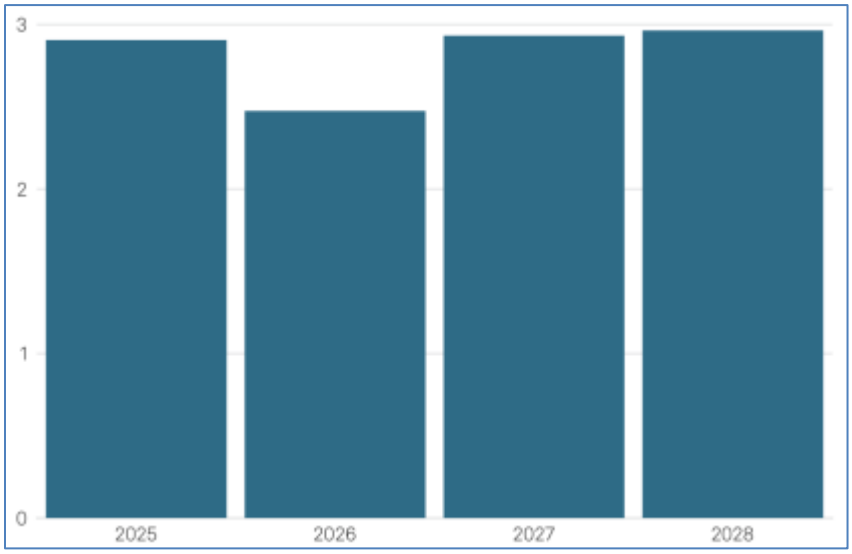
Geopolitical risks are increasingly intertwined with energy security, critical infrastructure and global supply chains. S&P Global's September Geopolitical Risk Brief highlights the continued economic implications of the Middle East conflict, including risks to energy supplies and critical infrastructure. The

rapid expansion of AI and data-centre capacity is also creating additional demand for electricity, water and other critical resources, increasing the importance of infrastructure resilience. Continued changes in trade policies, including tariffs and export restrictions, are adding another layer of uncertainty and may contribute to supply disruptions. The OECD estimates that new US bilateral tariff rates introduced from July have increased the average US effective tariff rate by around 1 percentage point.

Despite these challenges, the underlying global expansion remains relatively robust. Global GDP growth is projected at 2.9% in 2026 and 3.0% in 2027, with stronger price pressures, weaker real income growth and higher interest rates expected to moderate activity in the near term. At the same time, continued AI-related investment and an assumed easing of energy prices in line with futures markets are expected to support a strengthening of activity through 2027. The United States is projected to grow by 2.2% in 2026 and 2.1% in 2027, while euro-area growth is projected at 1.0% in both years. China's growth is expected to moderate to 4.5% in 2026 and 4.2% in 2027.

The global economic outlook entering the final quarter of 2026 is characterised by a combination of moderated but resilient growth and heightened supply-side risks. The Middle East conflict and associated energy disruptions have slowed global activity, but their impact has so far been partly offset by strong AI-related investment, resilient domestic demand, additional energy supplies and government support measures. The trajectory of energy prices remains the principal near-term uncertainty, while trade-policy changes, elevated long-term interest rates and geopolitical risks add to the downside risks. At the same time, continued technological investment, particularly in AI, provides an important source of investment, production and trade growth. The balance between these opposing forces will be critical in determining the pace and durability of global growth through 2026–27.

Figure 2: Change in real GDP Growth (%)



Source: S&P Global Market Intelligence

Growth Forecast - Advanced Economies

Growth across the major advanced economies is expected to remain broadly stable in 2026, although the outlook varies considerably across individual economies. According to the OECD Interim Economic Outlook, September 2026, the impact of the recent energy-market shock is expected to be partly cushioned by government support measures in several economies. At the same time, higher energy costs, tighter monetary policy and weaker household purchasing power are expected to weigh on activity towards the end of 2026 and into 2027. Continued investment related to artificial intelligence (AI) remains an important source of growth in several advanced economies.

The United States is projected to remain one of the strongest-performing advanced economies, with GDP growth estimated at 2.2% in 2026 and 2.1% in 2027. Strong underlying economic momentum and continued expansion of AI-related investment are expected to support activity. However, consumer spending is likely to moderate as higher prices reduce purchasing power, labour-force growth softens and household savings buffers are depleted. The latest S&P Global indicators also point to a strong near-term expansion in US economic activity, reinforcing the country's relatively strong position among advanced economies.

Growth in the euro area is expected to remain moderate at 1.0% in both 2026 and 2027. The recent rise in energy prices and higher policy rates are expected to weigh on economic activity in the near term. However, these effects are expected to diminish as energy prices ease, while increased defence spending is likely to provide additional support to demand and investment. Recent business activity indicators suggest that the euro area has shown greater resilience than previously anticipated, with the region recording its strongest expansion in business activity since April 2023.

The United Kingdom is projected to grow by 1.1% in 2026 and 1.0% in 2027, with newly announced government support measures expected to provide some support to household consumption. However,

growth remains relatively subdued compared with the United States and the euro area. Japan's growth is projected to moderate marginally from 0.8% in 2026 to 0.7% in 2027. Strong business investment, robust corporate profits and government consumption are expected to support activity, while rising policy rates and higher energy-import costs are likely to act as constraints.

Among other advanced Asian economies, South Korea is projected to record relatively strong growth of 3.7% in 2026, supported by robust industrial production and export growth, before moderating to 2.6% in 2027 as private consumption growth becomes more modest. Canada's growth is expected to soften to 0.9% in 2026, before recovering to 1.3% in 2027, supported by stronger private consumption and government investment.

The latest S&P Global business surveys broadly reinforce the picture of continued expansion across advanced economies. Economic activity across the US, euro area, Japan and UK—the G4—accelerated to its fastest pace in around four and a half years in September, although the improvement was led predominantly by the United States. The euro area also recorded stronger growth, while Japan's expansion moderated and the UK remained comparatively weak.

Growth Forecast - Emerging Market and Developing Economies

Growth across emerging-market economies is expected to remain broadly stable in 2026, although the outlook remains differentiated across countries. The OECD Interim Economic Outlook, September 2026 notes that resilient domestic demand, government support measures and continued investment have helped several emerging economies absorb the impact of higher energy prices. At the same time, elevated energy costs, weaker purchasing power and persistent trade and policy uncertainties are expected to moderate growth in some major emerging markets.

China's growth is projected to moderate from 5.0% in 2025 to 4.5% in 2026 and 4.2% in 2027. The slowdown reflects weaker consumption as headline inflation gradually rises, alongside more restrained investment as government measures to address excess industrial capacity take effect. The adjustment in the property sector is also expected to remain a constraint on activity.

India remains one of the fastest-growing major emerging economies. The OECD projects India's growth to moderate from 7.8% in FY2025–26 to 7.1% in FY2026–27 and 6.5% in FY2027–28. While recent economic momentum has remained strong, growth is expected to soften during the second half of the current fiscal year as higher prices affect purchasing power, before gradually recovering in 2027. Government measures to cushion households and firms from higher energy prices are expected to provide some support. S&P Global has also revised its 2026 full-year growth forecast for India upward by 0.3 percentage point to 6.5%, following stronger-than-expected first-quarter data.

The latest data underline the strength of India's underlying economic performance. India's GDP expanded by 8.1% year-on-year in Q2 2026, the highest among G20 economies with available data, although quarterly growth moderated to 1.8% from 2.1% in the previous quarter.

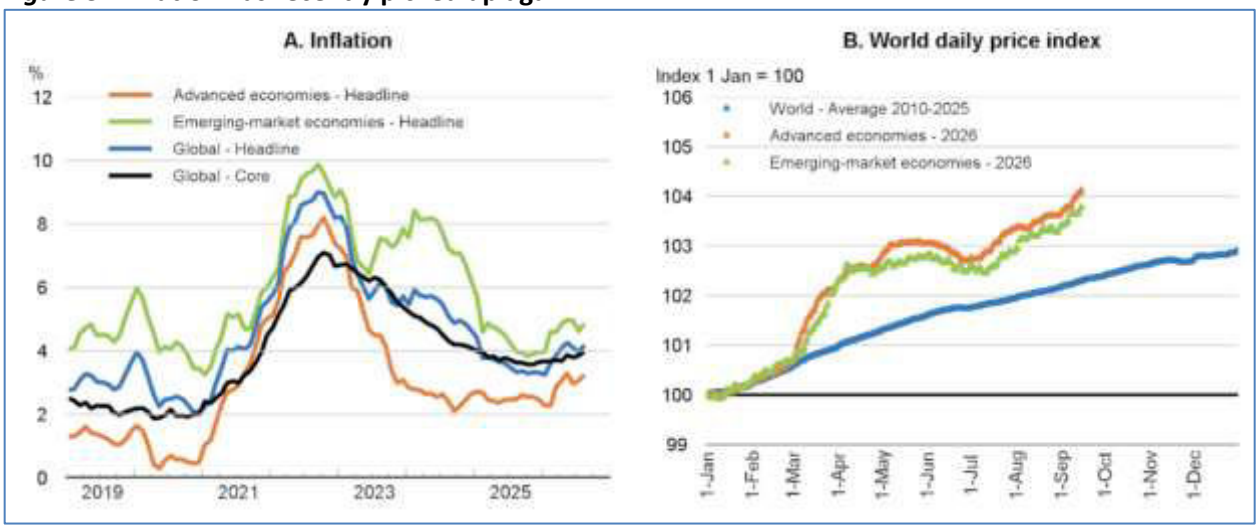
Growth in Indonesia is expected to remain relatively stable at 5.2% in 2026 and 5.1% in 2027, supported by improved terms of trade and investment. Mexico is projected to recover to 1.5% in 2026 and 1.8% in 2027, supported by technology-related production and the lagged effects of lower policy rates. Monetary-policy easing is also expected to support activity in several other emerging economies, including Brazil and Türkiye, as inflationary pressures moderate.

Global Inflation Trends

Global inflationary pressures have begun to rise again after broadly stabilising through the middle of 2026. According to the OECD Interim Economic Outlook, headline inflation remained broadly stable in June and July, following an increase of around 1 percentage point in the advanced economies and 0.4 percentage point in emerging-market economies between February and May. However, inflation increased again in August across a number of G20 economies, largely reflecting renewed increases in commodity prices. More than half of G20 economies currently have inflation above their respective central-bank targets.

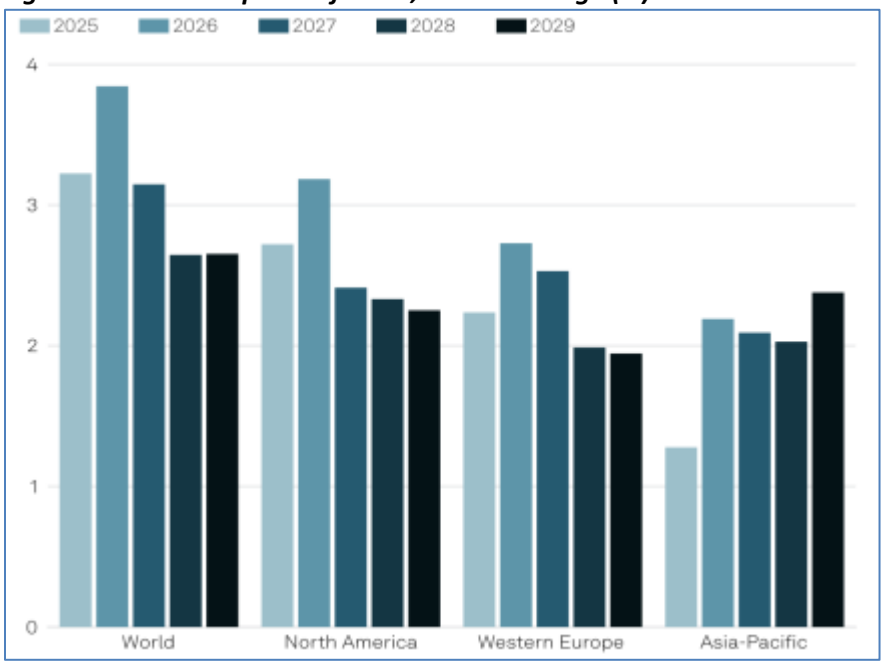
The recent increase in inflation has so far been driven predominantly by higher energy prices rather than a broad-based acceleration in underlying price pressures. Daily measures of online retail prices indicate that price increases between mid-July and mid-September were primarily associated with the renewed rise in energy prices across both advanced and emerging-market economies. In contrast, there was limited evidence of a significant increase in food-price inflation during this period. Nominal wage growth has also remained broadly stable in most economies since the first quarter of 2026, suggesting that second-round effects on underlying inflation remain relatively contained.

Figure 3: **Inflation has recently picked up again**



Source: OECD Consumer Price database; Eurostat; US Bureau of Economic Analysis; national sources; State Street PriceStats; and OECD calculations.

Figure 4: Consumer price inflation, annual change (%)



Source: S&P Global Market Intelligence

Against this backdrop, G20 headline inflation is projected to rise from 3.4% in 2025 to 4.1% in 2026, before moderating to 3.6% in 2027. In the advanced G20 economies, inflation is expected to increase from 2.5% in 2025 to 3.2% in 2026 and subsequently decline to 2.6% in 2027. Core inflation in the advanced economies is projected to moderate from 2.7% in 2026 to 2.5% in 2027, indicating that the current increase in headline inflation is expected to have a relatively limited impact on underlying domestic price pressures.

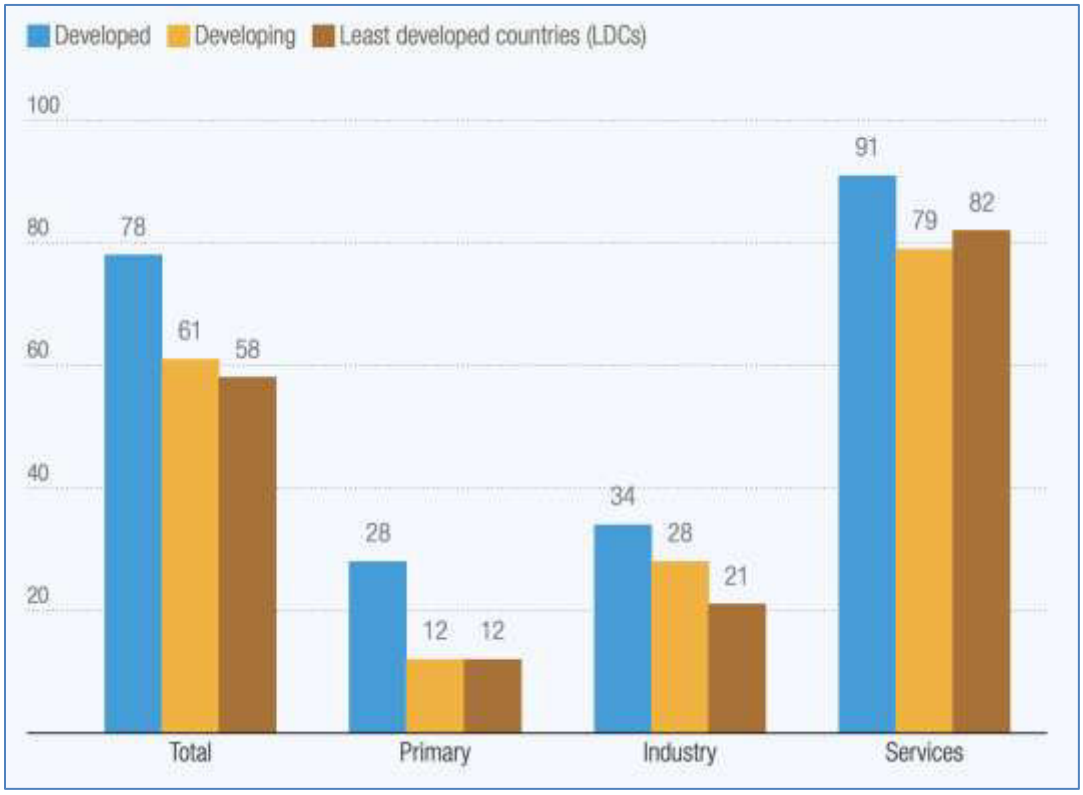
Inflation developments remain uneven across major advanced economies. In the United States, headline inflation is projected to decline from 3.6% in 2026 to 2.6% in 2027, despite continued cost pressures arising from tariffs and higher energy prices. In the euro area, inflation is expected to remain elevated in the near term, partly reflecting higher gas prices, before easing marginally from 3.0% in 2026 to 2.9% in 2027. Japan presents a different trajectory, with headline inflation projected to increase from 1.8% in 2026 to 2.6% in 2027, supported in part by tight labour-market conditions and stronger nominal wage growth.

Among G20 emerging-market economies, headline inflation is projected to increase from 4.1% in 2025 to 4.8% in 2026 before easing to 4.3% in 2027. Government measures to cushion energy-price pressures are playing an important role in several economies. In India, headline inflation is projected to decline from 4.7% in 2026 to 4.2% in 2027, while Indonesia's inflation is expected to moderate from 3.3% to 3.0% over the same period. In China, however, headline inflation is projected to rise from 1.4% in 2026 to 1.9% in 2027 as declining spare production capacity offsets the disinflationary effect of lower energy prices.

Global Trade and Supply Chains

Global trade is undergoing a structural shift, with services becoming increasingly integrated into manufacturing, agriculture and global value chains. According to UNCTAD's *Global Trade Update, September 2026*, services accounted for 71% of global intermediate inputs in 2022, underscoring their growing importance to the production and international movement of goods. The share of services in global exports increased from 23% in 2015 to 27% in 2025, reflecting the increasing "servicification" of global trade.

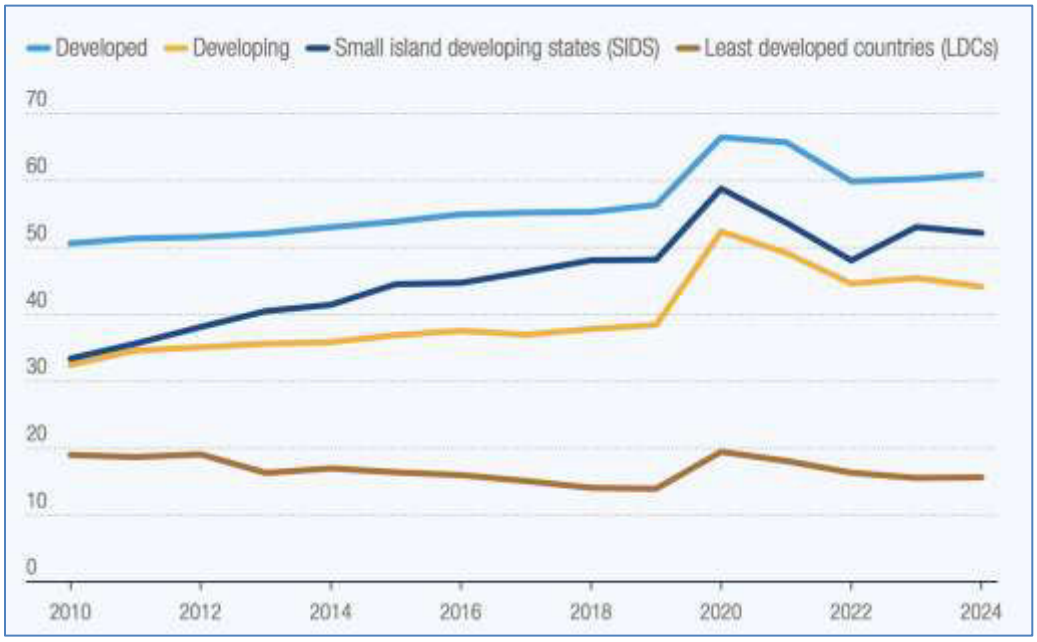
Figure 5: Services share of intermediate inputs for final demand by country group and sector, per cent, 2022



Source: UN Trade and Development (UNCTAD)

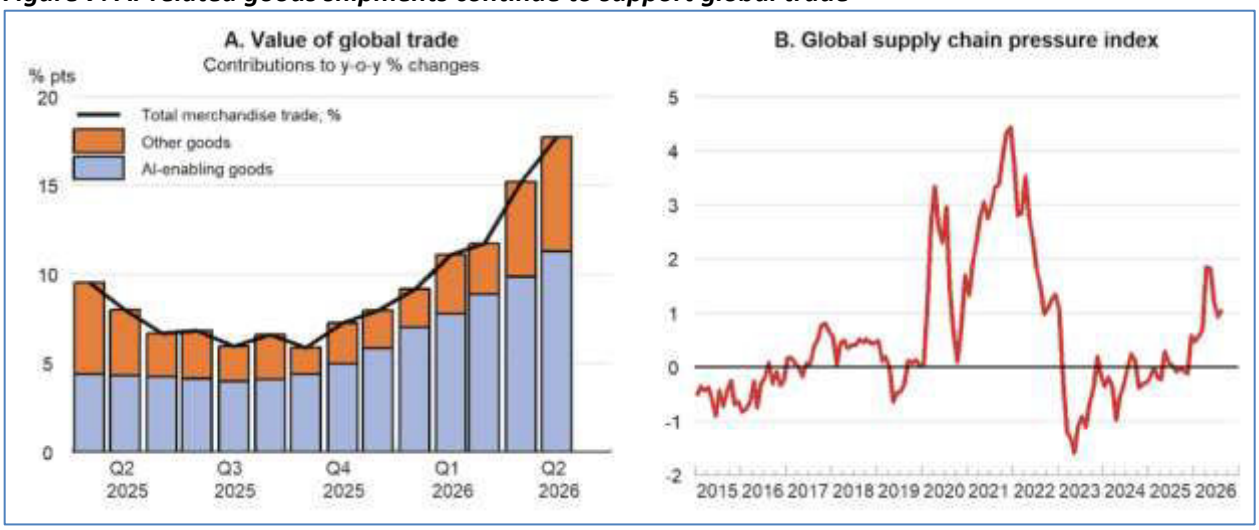
The expansion of digitally deliverable services has been particularly significant. Global services exports grew by around 8.3% in 2025, while digitally deliverable services expanded at an average annual rate of 7.1% over the past decade and now account for 56% of global services exports. Digital platforms, software, data management, finance, logistics and other remotely deliverable activities are increasingly embedded within international production networks, allowing services to contribute directly to the competitiveness and value of manufactured and agricultural exports.

Figure 6: Digitally deliverable services as a share of total services exports, by country group, per cent, 2010–2024



Source: UN Trade and Development (UNCTAD)

Figure 7: AI-related goods shipments continue to support global trade



Source: UN Trade and Development (UNCTAD)

However, the expansion of services trade remains uneven across economies. Least developed countries (LDCs) accounted for only 0.6% of global services exports in 2025, while their services exports have grown by only around 3% annually over the past decade. Digitally deliverable services constitute just 16% of LDC services exports, compared with around 61% in developed economies, highlighting a persistent digital divide in global trade.

The ability of economies to participate in the emerging digital trade landscape is increasingly determined by digital connectivity, skills, payment infrastructure and regulatory capacity. UNCTAD notes that costly

international payments and shortages of relevant skills continue to constrain participation, particularly among developing economies. Artificial intelligence could further accelerate the transformation of trade, but differences in access to computing capacity, data, finance and technical expertise could widen existing disparities.

Global trade rules are also adapting to this changing structure. Digital trade provisions are becoming increasingly common in preferential trade agreements, with 55% of agreements concluded between 2000 and 2025 containing e-commerce or digital trade provisions. Since 2020, such provisions have been incorporated into agreements involving 90% of developed countries, 62% of developing countries and 66% of LDCs. The increasing fragmentation of digital trade rules, however, could create additional compliance challenges and make international regulatory cooperation more important.

At the same time, supply-chain resilience remains an important consideration for global trade. Geopolitical tensions, changing trade policies and disruptions to transportation and energy flows are encouraging businesses to reassess sourcing and production arrangements. UNCTAD has noted that smaller firms are particularly vulnerable to increases in energy, transport, insurance and financing costs arising from disruptions such as those affecting the Strait of Hormuz, with potential implications for their participation in global value chains.

Global trade is increasingly being shaped by services, digitalisation and technology alongside traditional merchandise trade. While this transformation creates opportunities for greater productivity, diversification and participation in global value chains, differences in digital infrastructure, skills and regulatory capacity mean that the benefits remain unevenly distributed. Strengthening digital capabilities, improving services-trade data and facilitating greater participation in international digital trade rule-making will therefore remain important for building more inclusive and resilient global trade.

2. Rising Oil Prices and Bond Yields Add to Global Financial Market Pressures

The escalation of the Middle East conflict has intensified pressure on global financial markets, with renewed increases in oil prices accompanied by a sharp sell-off in government bonds. According to the *Financial Times*, fading expectations of an early US-Iran agreement contributed to a rise in Brent crude prices to US$108.83 per barrel on September 28, before prices moderated to close at US$105.28. The renewed increase in oil prices has reinforced concerns that the energy shock could prolong inflationary pressures and keep interest rates higher for longer.

The increase in energy prices has been closely associated with a rise in US Treasury yields. The yield on the 10-year US Treasury bond climbed to 5.27%, its highest level since June 2007, while the two-year Treasury yield reached 4.96%, a 28-month high. The 10-year yield has increased for five consecutive sessions and has risen by more than 0.5 percentage point since mid-August. The move reflects changing expectations regarding the inflation and interest-rate outlook, as investors reassess the extent to which higher energy prices could feed into broader price pressures.

The bond-market adjustment has not been confined to the United States. UK 10-year gilt yields rose to 5.44%, their highest level since 2007, while French and Italian 10-year borrowing costs also reached

multi-year highs. Earlier in September, the global bond sell-off had already pushed the US 30-year Treasury yield to around 5.5%, its highest level since 2004, highlighting the broader increase in long-term borrowing costs.

The developments illustrate an important feedback mechanism between energy markets, inflation and financial conditions. Higher oil and gas prices increase production and transportation costs and can raise consumer prices, prompting markets to anticipate a more restrictive monetary-policy stance. Higher expected interest rates, in turn, push government bond yields upward and increase borrowing costs for households, businesses and governments. In the United States, the rise in Treasury yields has already contributed to mortgage rates moving above 7%, increasing financing costs for households.

The persistence of elevated bond yields also has implications for public finances and investment. Higher sovereign borrowing costs increase debt-servicing requirements at a time when many governments are already facing substantial fiscal pressures and significant refinancing needs. The September bond-market sell-off therefore adds another constraint to fiscal policy, while higher market rates could gradually weigh on private investment and interest-sensitive sectors.

The recent developments highlight the increasingly interconnected nature of geopolitical, energy and financial risks. A prolonged disruption to energy supplies could sustain inflationary pressures and delay monetary easing, while simultaneously increasing borrowing costs and weakening demand. Conversely, a durable resolution to the conflict and normalization of energy markets could ease both inflation expectations and pressure on bond yields. The evolution of oil prices and long-term government bond yields will therefore remain important indicators of the broader global economic and financial outlook in the months ahead.

3. Federal Reserve tightens policy as resilient US economy complicates inflation outlook- Deloitte

The US Federal Reserve has entered a more restrictive phase of monetary policy as persistent inflation and resilient domestic economic activity complicate the outlook for interest rates. According to Deloitte's *Weekly Global Economic Update* for the week of September 21, 2026, the Federal Reserve raised its benchmark interest rate for the first time in three years, with the decision receiving unanimous support from the 12 members of the Federal Open Market Committee. The move reflected concerns that inflation remains too high and that underlying price pressures have not yet moderated sufficiently.

The decision comes against the backdrop of continued strength in the US economy. Recent indicators point to firm consumer demand and sustained business investment, particularly in areas associated with artificial intelligence. US retail sales increased 1.2% month-on-month in August and 6% year-on-year, indicating that household spending has remained robust despite a decline in real, inflation-adjusted wages. Excluding gasoline, retail sales still increased by 1.1% from the previous month, suggesting that the strength of consumption extends beyond the direct effect of higher fuel prices.

The resilience of demand is significant for monetary policy because it reduces the immediate pressure on the Federal Reserve to support economic activity through lower interest rates. According to Deloitte, the Federal Reserve Chair highlighted improvements in new hiring, private-sector earnings, business capital investment and credit flows, while noting that broader financial conditions were not considered restrictive. The continued strength of AI-related investment has also provided an important source of economic momentum, helping offset some of the pressures arising from higher energy prices and geopolitical disruptions.

At the same time, the inflation environment remains challenging. Higher energy prices are feeding into consumer prices and business costs, while strong demand could make it more difficult for inflation to return rapidly to the central bank's target. The combination of resilient economic activity and persistent price pressures has therefore shifted expectations towards higher interest rates for longer. Deloitte reports that financial markets currently attach a 50.1% probability to one additional rate increase and a 38.6% probability of two further increases before the end of 2026.

The changing monetary-policy outlook has wider implications for global financial conditions. Higher US interest rates can raise the cost of dollar-denominated borrowing, influence capital flows towards US assets and place pressure on other central banks to maintain comparatively restrictive policy settings. The impact is particularly relevant at a time when long-term government bond yields have already risen substantially across major economies. The Federal Reserve's policy path will therefore remain an important determinant of global financing conditions during the remainder of 2026.

The US labour market presents another important dimension to the outlook. Deloitte notes that overall employment growth has remained modest, while employment gains since January 2025 have been concentrated almost entirely among women. Healthcare and private education accounted for more than one million additional jobs over this period, while employment outside these sectors declined. Tariff-related cost pressures and trade uncertainty may have constrained employment in manufacturing and related industries, while slower labour-force growth has also limited overall job creation.

4. Southeast Asia accelerates clean-energy push as energy shock reinforces energy security concerns

The prolonged disruption to global energy markets has begun to influence the energy-policy priorities of Southeast Asian economies, with countries increasingly turning towards renewable energy, electrification and energy efficiency as tools to strengthen energy security. A recent analysis by Zero Carbon Analytics, reported by *IntelliNews*, shows that Indonesia, Malaysia, Thailand, Singapore, Vietnam and the Philippines introduced 37 renewable-energy and electrification policies since the beginning of the Iran conflict, compared with 29 policies relating to fossil fuels.

The distinction between the two groups of policies is significant. Of the measures introduced, 24 clean-energy and electrification policies were designed as long-term interventions, compared with only six long-term fossil-fuel policies. Many of the fossil-fuel measures have instead been aimed at addressing immediate supply and affordability pressures arising from the energy shock. This suggests that, while

governments continue to rely on conventional fuels to manage short-term disruptions, the crisis is simultaneously strengthening the case for longer-term diversification of energy supply.

The Philippines has emerged as the most active policymaker in the region, with 13 renewable-energy and electrification policies identified in the analysis. The country introduced 22 energy-related measures overall, partly reflecting its declaration of a national energy emergency in March 2026. The emergency response included measures to secure oil supplies and manage fuel prices, alongside longer-term initiatives aimed at accelerating renewable energy, electric vehicles and energy efficiency.

Solar energy has been a particularly important component of the Philippines' response. The country introduced at least seven solar-related policies following the onset of the conflict, including measures intended to simplify the installation of solar and battery-storage systems by households and accelerate net-metering applications. The policy push has been accompanied by a sharp increase in solar-equipment imports: between March and July 2026, Philippine imports of solar wafers, cells and panels from China reached approximately 9.5 GW, compared with 4.1 GW during the corresponding period of 2025.

The broader regional trend is also visible in Vietnam and Thailand, which introduced seven and six clean-energy policies, respectively. Vietnam has taken steps to enable data centres and EV charging stations to purchase green electricity directly, while Thailand has introduced financing initiatives supporting solar and electric-vehicle deployment. Indonesia has announced plans to add 100 GW of solar capacity over three years, representing one of the region's more substantial renewable-energy expansion initiatives.

The shift is occurring against a particularly challenging energy-market backdrop. Southeast Asian economies are relatively dependent on imported oil and gas, leaving them exposed to disruptions in international supply routes and fluctuations in global commodity prices. Asian LNG prices averaged around US$22/MMBtu in August 2026, more than twice the pre-conflict average of US$10.8/MMBtu recorded in February. The increase in energy costs has therefore strengthened the economic rationale for reducing exposure to imported fossil fuels.

The International Energy Agency's *Southeast Asia Energy Outlook 2026* similarly identifies diversification, clean energy, electrification and energy efficiency as increasingly important tools for reducing the region's exposure to imported fuels. The IEA estimates that investment in renewables, electrification and efficiency since 2015 has already helped moderate fossil-fuel import requirements, generating around US$30 billion in avoided import costs in 2025. Renewable capacity stood at around 120 GW in 2024 and could nearly triple by 2035 under existing policy settings, with significantly greater expansion possible if announced targets are achieved.

However, the transition remains uneven and faces significant implementation challenges. Many Southeast Asian economies continue to depend heavily on coal and imported gas for electricity generation, while renewable deployment requires corresponding investment in transmission networks, storage and grid flexibility. The Philippines, for example, continues to have a power system heavily dependent on coal even as solar deployment accelerates.

5. Indian Economy

Snapshot

The Indian economy continues to demonstrate resilience amid heightened geopolitical tensions, elevated energy prices and a challenging external environment. According to the Asian Development Outlook (ADO) September 2026, India's growth outlook has been upgraded for FY2026, reflecting stronger-than-expected investment demand, robust capital spending and resilient services exports. ADB projects India's economy to grow by 7.0% in FY2026, up from its earlier July projection, while growth is expected to moderate slightly to 7.1% in FY2027 due partly to the higher growth base established in FY2026.

Economic activity remained strong during the first quarter of FY2026. Real GDP growth stood at 7.8% year-on-year, supported by broad-based expansion in services and manufacturing. The services sector was the principal contributor, expanding by 10.0%, with financial, real estate and professional services growing by 12.1%. Manufacturing also recorded robust growth of 9.2%, supported by stronger activity in electronics manufacturing, textiles, and rubber and plastics.

On the demand side, domestic demand remained an important anchor of growth, although household spending came under some pressure from higher consumer-goods prices. Investment activity remained resilient, supported by strong public capital expenditure and an improving private investment cycle. Central government capital expenditure remains on track to meet the FY2026 budget target of 11.5% growth, while corporate deleveraging and stronger cash flows have improved the capacity of the private sector to invest. Investment pipelines remain particularly strong in areas such as data centres and energy.

External trade has also provided support to economic activity. Strong global demand for electronics, advanced technology products and computing infrastructure has boosted India's exports, with net exports contributing positively to growth. Services exports are expected to remain particularly resilient, supported by continued demand for technology and business services and the expansion of AI-related activity. At the same time, stronger domestic investment is expected to increase imports of capital and intermediate goods.

The manufacturing base is also becoming increasingly diversified. ADB notes that manufacturing activity continued to expand, supported by government initiatives such as production-linked incentives and programmes targeting semiconductors, electronics and medium- and high-technology industries. The combination of public investment, private-sector capacity expansion, technology-related exports and services growth is contributing to a broader base for economic expansion.

Nevertheless, the outlook remains subject to significant external and domestic risks. Higher global energy prices could increase production and transportation costs, while trade disruptions and weaker global demand could affect merchandise exports. On the domestic side, a weaker monsoon and intensifying El Niño conditions could affect agricultural production and food prices. ADB notes that monsoon rainfall was 14.7% below normal as of 13 September 2026, with larger deficits in central and southern parts of the country.

India GDP position

India continues to anchor the South Asian growth outlook. ADB has raised its forecast for South Asia's 2026 growth to 6.4%, from 6.0% in its July outlook, with the upward revision driven primarily by the stronger outlook for India. India is projected to grow by 7.0% in FY2026, compared with the South Asian regional average of 6.4%, while the regional forecast for 2027 stands at 6.5%.

The September 2026 ADO projects India's GDP growth at 7.0% in FY2026 and 7.1% in FY2027. The FY2026 forecast represents an upward revision of 0.4 percentage points from the July projection and reflects stronger public investment, resilient domestic activity and robust export performance, particularly in services and electronics. For FY2027, the forecast has been moderated from the earlier projection primarily because of the higher growth base in FY2026 and the expected effects of continuing trade, energy and weather-related pressures.

The latest GDP performance also reinforces India's position within the region. India's economy recorded 7.8% year-on-year GDP growth, while the broader developing Asia and Pacific region experienced a moderation in growth during Q2 2026. ADB notes that India was among the economies where net exports strengthened significantly, particularly as global demand for electronics, advanced microchips and computing infrastructure supported exports.

The composition of India's growth is also noteworthy. Services, manufacturing, investment and technology-related exports are increasingly supporting economic activity, while public capital expenditure continues to provide an important foundation for private-sector investment. ADB expects services and construction to remain relatively robust through FY2026 and FY2027, although weaker agricultural output and higher input costs could weigh on some sectors.

Inflation in India

According to Ministry of Statistics & Programme Implementation, year-on-year inflation rate based on All India Consumer Price Index (CPI) with base year 2024 for the month of August, 2026 over August, 2025 is 4.82%(Provisional). Corresponding inflation rates for rural and urban are 5.23% and 4.31%, respectively.

National Level Indices

India's retail inflation, measured by the Consumer Price Index (CPI) with base year 2024=100, increased to 4.82% in August 2026 (provisional) from 4.45% in July 2026, marking a continued rise in headline inflation. According to the National Statistics Office (NSO), inflation in the rural sector increased to 5.23%, while urban inflation rose to 4.31%, compared with 4.84% and 3.96%, respectively, in July. The corresponding All India CPI (General) index increased from 107.95 in July to 108.74 in August.

The increase in headline inflation was accompanied by a sharper rise in food inflation. Inflation based on the All India Consumer Food Price Index (CFPI) increased from 5.52% in July to 5.95% in August, with rural

food inflation at 6.13% and urban food inflation at 5.64%. The CFPI index increased from 109.39 in July to 110.71 in August.

At the division level, personal care, social protection and miscellaneous goods and services recorded the highest inflation at 15.17%, followed by restaurants and accommodation services at 8.38% and food and beverages at 5.66%. Transport recorded inflation of 4.60%, while clothing and footwear registered 3.56%. Inflation in housing, water, electricity, gas and other fuels remained comparatively moderate at 2.61%.

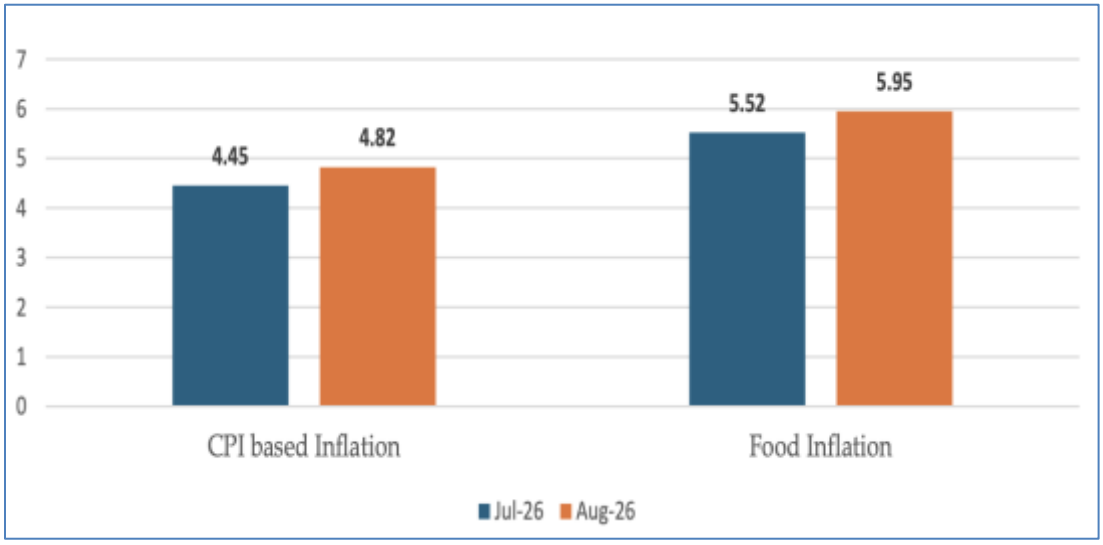
Table 1: CPI & Consumer Food Price Inflation (CFPI) – Inflation Rates & Index Values (August & July 2026)

		July, 2026 (Final)			August, 2026 (Provisional)		
		Rural	Urban	Combined	Rural	Urban	Combined
Inflation (%)	CPI (General)	4.84	3.96	4.45	5.23	4.31	4.82
	CFPI	5.79	5.05	5.52	6.13	5.64	5.95
Index	CPI (General)	108.34	107.45	107.95	109.27	108.07	108.74
	CFPI	109.21	109.70	109.39	110.70	110.72	110.71

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

Food-price movements remained uneven across individual items. Among the major items with high inflation, silver jewellery recorded 107.11%, ginger 73.82%, onion 48.27%, garlic 43.60% and gold/diamond/platinum jewellery 35.53% in August. At the same time, prices of several food items declined, with tomato inflation at -31.09%, potato at -13.14%, lady's finger at -5.41%, and parwal/patal and kundru at -3.60%.

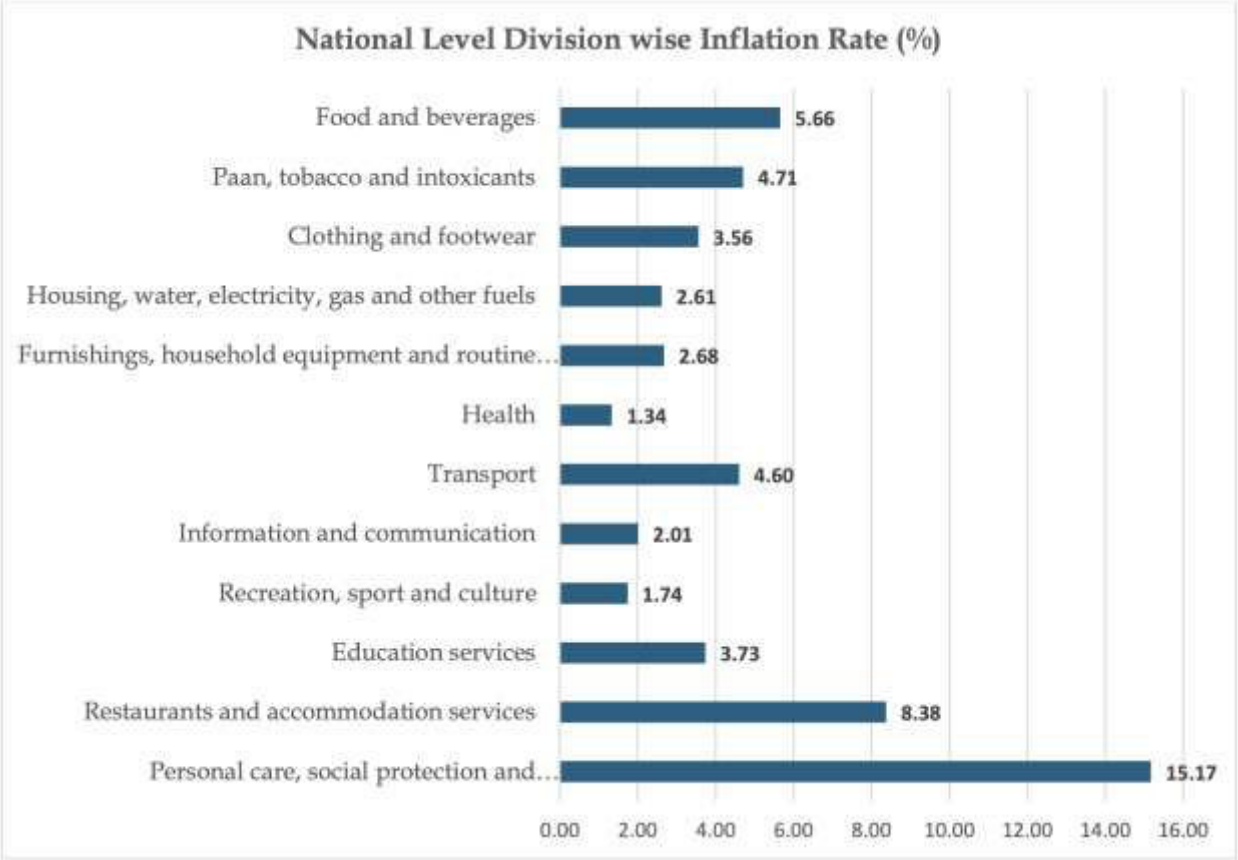
Figure 8: Trends in CPI (General) and Consumer Food Price Inflation (CFPI), July-August 2026



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

Housing-related inflation remained comparatively moderate in August 2026. The Housing, Water, Electricity, Gas and Other Fuels division recorded inflation of 2.61%, with rural and urban inflation at 3.27% and 2.22%, respectively. Within the division, electricity, gas and other fuels recorded inflation of 3.09%, while actual rental payments for housing increased by 2.27%. Maintenance, repair and security of dwellings recorded somewhat higher inflation of 3.77%. Overall, housing costs remained below the headline CPI rate, suggesting that the housing component was not a major driver of the increase in overall retail inflation during the month.

Figure 9: Inflation Rates Across Major CPI Groups (August 2026)



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

The transport and household-cost components also showed differentiated price movements. Operation of personal transport equipment recorded inflation of 7.40%, while transport services for goods registered a relatively high 14.64%. In contrast, the CPI for purchase of vehicles declined by 4.38%. Within housing-related components, inflation in electricity, gas and other fuels stood at 3.09%, while actual rental payments for housing increased by 2.27%.

Regional inflation also remained varied. Among states with populations above 50 lakhs, Telangana recorded the highest headline inflation at 6.27%, followed by Tamil Nadu at 5.92%, Madhya Pradesh at 5.55%, Andhra Pradesh at 5.53% and Odisha at 5.52%. For food inflation, Maharashtra recorded the

highest rate at 8.10%, followed by Andhra Pradesh at 8.07%, Tamil Nadu at 7.96%, Karnataka at 7.58% and Telangana at 7.33%.

The August data also indicate a gradual build-up in headline inflation during 2026. All India combined CPI inflation increased from 2.74% in January to 3.21% in February, 3.40% in March, 3.48% in April, 3.93% in May, 4.38% in June, 4.45% in July and 4.82% in August. The rural inflation rate has remained consistently above the urban rate during this period, reaching 5.23% in August compared with 4.31% in urban areas.

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

Wholesale price pressures remained elevated in August 2026, with the All-India Wholesale Price Index (WPI) inflation rising marginally to 9.92% year-on-year, from 9.78% in July 2026. The overall WPI index increased from 110.0 in July to 110.8 in August, indicating continued price pressures across the production and wholesale segments of the economy.

The increase in WPI inflation was primarily driven by higher prices across Fuel and Power and Manufactured Products. Inflation in Fuel and Power accelerated sharply to 22.93% in August, from 20.05% in July, while inflation in Manufactured Products edged up to 8.37% from 8.29%. In contrast, inflation in Primary Articles moderated to 7.76% from 8.52%. Within the major groups, mineral oils, food articles, manufactured food products, basic metals, non-food articles, and chemicals and chemical products were identified as the principal contributors to wholesale price inflation.

The energy component continued to exert significant upward pressure on wholesale prices. Inflation in mineral oils increased to 38.48% in August from 32.40% in July, while inflation in crude petroleum and natural gas remained elevated at 34.41%. Electricity prices, however, recorded a 1.73% decline year-on-year. The sharp rise in mineral-oil and petroleum-related prices is particularly significant given the relatively high weight of Fuel and Power in the WPI basket and the potential for energy costs to transmit into transportation, manufacturing and other production costs.

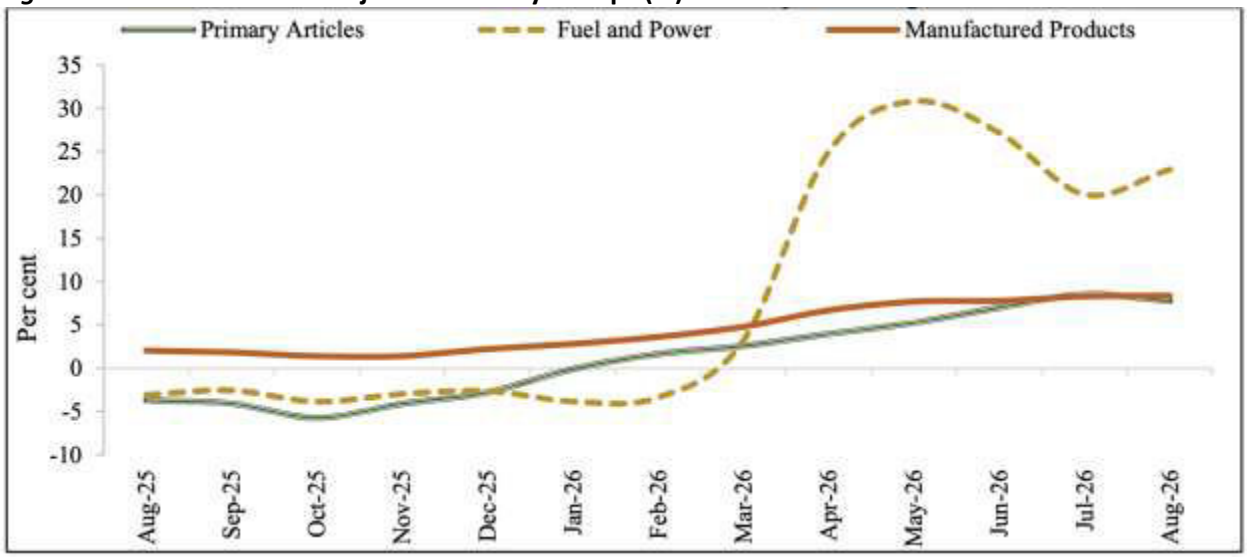
Figure 10: Wholesale Price Index (WPI) and Inflation Rate for all commodities (Aug 2025 – Aug 2026)



Source: Ministry of Commerce & Industry

Food-related wholesale price pressures also strengthened. The WPI Food Index, which accounts for 24.99% of the WPI basket and combines food articles with manufactured food products, recorded inflation of 7.05% in August, up from 6.65% in July. Within manufactured products, inflation in food products increased to 9.65%, while basic metals and chemicals recorded inflation of 10.88% and 14.30%, respectively.

Figure 11: **Inflation across Major Commodity Groups (%)**



Source: *Ministry of Commerce & Industry*

Producer Price Indices

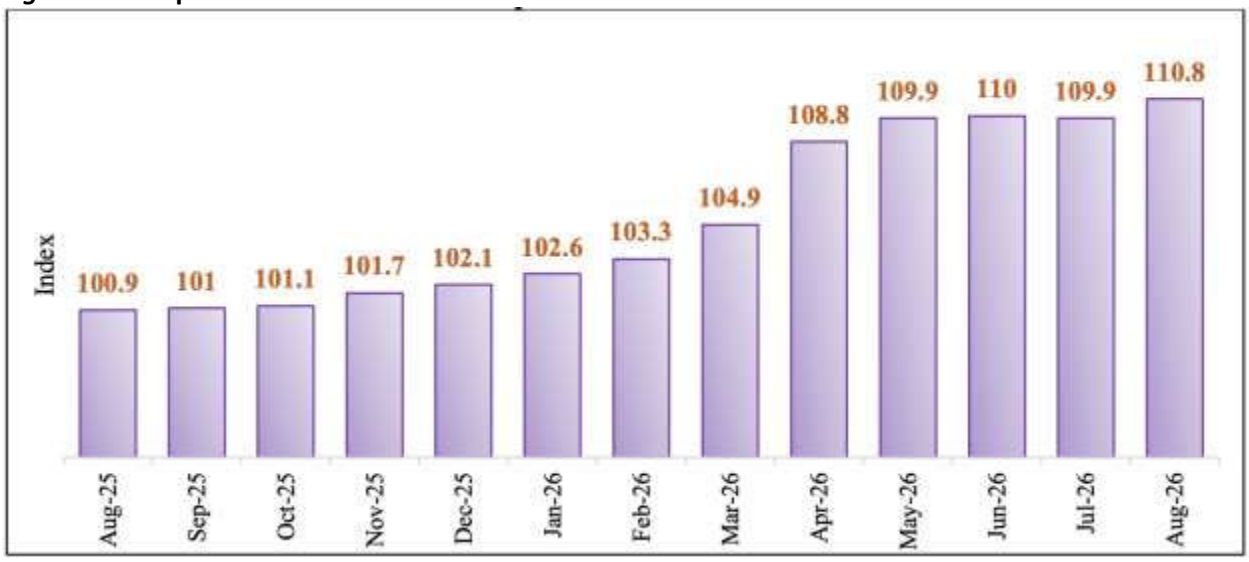
The newly introduced Output Producer Price Index (Output PPI) provides an additional measure of price movements from the producer's perspective. The All-India Output PPI for All Commodities increased from 109.9 in July to 110.8 in August 2026. At the sectoral level, the index for Agriculture, Forestry and Fishing increased from 115.6 to 116.5, while Mining and Quarrying rose from 119.4 to 122.0. The index for Manufactured Products increased from 108.8 to 109.7, whereas the index for electricity declined from 92.4 to 90.9.

The sectoral movement in Output PPI indicates that producer-level prices remained firm across agriculture, mining and manufacturing during August. Within manufacturing, the output price index for food products increased to 117.6, while indices for electrical equipment, machinery and motor vehicles also remained higher than their July levels. The index for extraction of crude petroleum and natural gas increased from 108.9 to 116.3, reflecting continued volatility in energy-related producer prices.

The Trial Input Producer Price Index (IPPI) complements the Output PPI by tracking price movements faced by producers for production inputs. The latest available trial IPPI data in the source series showed the manufacturing-sector index at 105.9 in July 2026, down from 107.1 in June, indicating some moderation in aggregate input-price pressures during the month.

India's wholesale and producer price data indicate that price pressures remained elevated in August 2026, particularly in energy-intensive segments and several manufactured products. The simultaneous increase in WPI inflation and Output PPI suggests continued price pressures along the production chain, although movements remain differentiated across sectors. The elevated energy component remains an important factor for businesses, given its potential transmission into transportation, manufacturing and operating costs, while the developing PPI framework provides a broader basis for monitoring producer-side price dynamics alongside the WPI.

Figure 12: **Output PPI for All Commodities**



Monetary Policy Outlook

The Reserve Bank of India (RBI) maintained a balanced and data-dependent monetary policy stance in August 2026, keeping the policy repo rate unchanged at 5.25 per cent while retaining its neutral stance. The decision reflected the MPC's assessment that the prevailing growth-inflation balance remained broadly manageable, even as geopolitical developments, energy prices and evolving global financial conditions continued to create uncertainty. The Standing Deposit Facility (SDF) rate remained at 5.00 per cent, while the Marginal Standing Facility (MSF) rate and Bank Rate remained at 5.50 per cent. The decision was unanimous.

The RBI's assessment of domestic economic activity remained constructive. Growth continued to be supported by resilient domestic demand, improving investment activity and sustained momentum across manufacturing and services. At the same time, the moderation in some high-frequency indicators and continuing external uncertainties warranted a cautious policy approach. The neutral stance therefore provides the RBI with flexibility to respond to changes in inflation and growth conditions rather than committing to either further easing or tightening at this stage.

Liquidity management has also emerged as an increasingly important component of the monetary policy outlook. The substantial inflows generated through the temporary FCNR(B) deposit scheme have

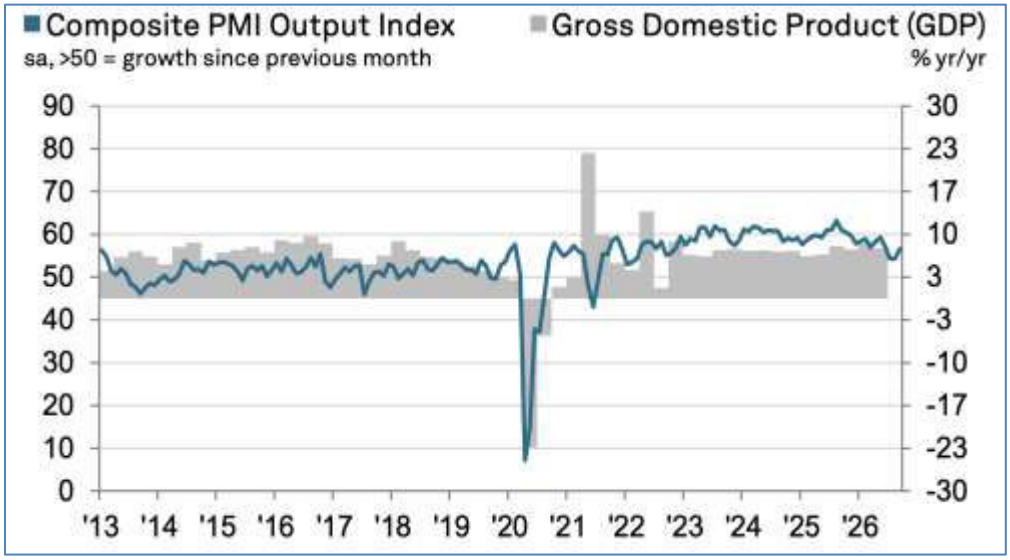
increased banking-system liquidity, requiring the RBI to actively manage surplus liquidity through its market operations. Recent market developments suggest that the central bank is likely to continue using liquidity-management tools to ensure that surplus liquidity does not weaken the transmission of monetary policy or create additional inflationary pressures.

Manufacturing and Services Activity - India PMI

India's private sector activity strengthened notably in September 2026, with the latest HSBC Flash India PMI indicating a broad-based improvement in both manufacturing and services. The Composite PMI Output Index rose to 56.5 in September from 54.3 in August, marking the strongest expansion in private-sector activity since June and taking the index back above its long-run average. The improvement was led by manufacturing, although services activity also accelerated during the month.

The manufacturing sector recorded a particularly strong improvement. The HSBC India Manufacturing PMI increased to 55.7 in September from 52.8 in August, indicating the strongest improvement in manufacturing operating conditions in seven months. Manufacturing output also accelerated sharply, with the Manufacturing PMI Output Index rising to 58.2 from 54.8. Stronger output was accompanied by faster growth in new orders, increased purchasing activity and shorter supplier lead times, pointing to improving demand and operating conditions across the sector.

Figure 13: HSBC India Composite PMI Output Index and GDP Growth (2013–2026)



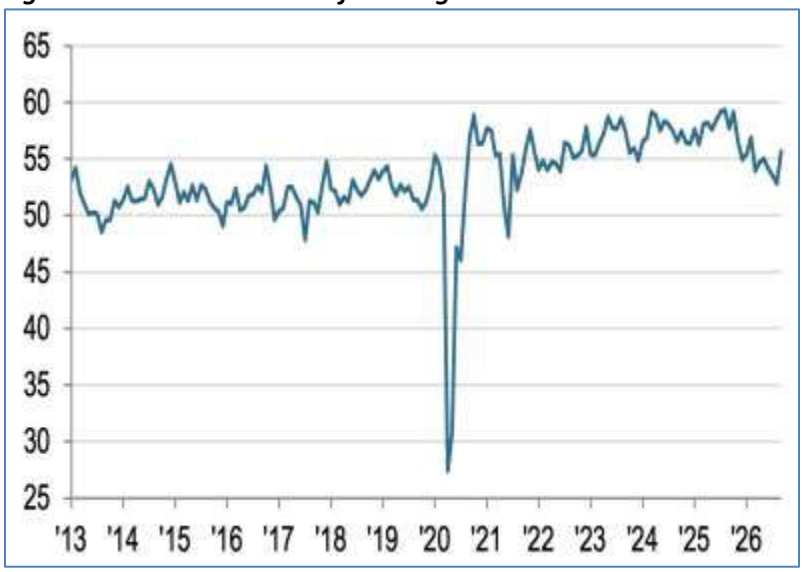
Source: HSBC, S&P Global PMI

Demand conditions improved across both manufacturing and services, with the increase more pronounced among goods producers. Manufacturing sales growth reached a seven-month high, supported by stronger demand for aluminium products, electronics, food and pharmaceutical goods, as well as new vehicle models. Services firms also reported stronger order inflows, supported by demand for property, transport and travel-related services, alongside growing interest in software and digital solutions.

The services sector also maintained a solid pace of expansion. The Services PMI Business Activity Index rose to 55.8 in September from 54.1 in August, indicating a further strengthening of business activity. Service providers benefited from stronger order intake and increased marketing activity, while employment continued to expand across both services and manufacturing. Aggregate private-sector employment recorded a solid increase during the month, with job creation occurring at broadly similar rates in the two sectors.

External demand remained positive but showed some moderation. New export orders continued to increase across the private sector, although the pace of expansion was the weakest in almost three years. The slowdown was concentrated in services, while manufacturers recorded a marginally stronger increase in overseas orders. Firms reported export gains from markets including Brazil, Europe, the UAE and the United States.

Figure 14: HSBC India Manufacturing PMI



Source: HSBC, S&P Global PMI

India's external position

Foreign Exchange Reserves

India's external position remained resilient in 2026, supported by a strong reserve position, robust services exports and a relatively stable external financing position. While higher global energy prices and geopolitical uncertainties have increased risks to the external sector, India's sizeable foreign exchange reserves continue to provide an important buffer against external shocks and volatility in global financial markets.

India's foreign exchange reserves strengthened significantly during the period under review. According to the Reserve Bank of India (RBI), India's foreign exchange reserves reached a record high of US$785.71 billion as of the week ended 4 September 2026, registering a substantial weekly increase of US$44.90

billion. The increase was primarily reflected in the Foreign Currency Assets (FCA), which rose to US$648.17 billion, while gold reserves stood at US$113.82 billion.

The increase in reserves strengthens India's capacity to manage external-sector risks arising from fluctuations in global commodity prices, capital flows and exchange-rate movements. This is particularly relevant amid elevated geopolitical tensions and higher international energy prices, which can increase India's import bill and place pressure on the current account and the Indian rupee.

The record reserve level also provides greater flexibility for the RBI in managing periods of heightened volatility in the foreign exchange market. Overall, the strengthening of foreign exchange reserves reinforces the resilience of India's external position and provides a substantial buffer against global economic and financial shocks.

External Trade Developments

India's external trade continued to expand strongly during August 2026, supported by robust growth in both merchandise and services exports. Total exports of merchandise and services were estimated at US$82.68 billion, registering a growth of 25.41 per cent over US$65.93 billion in August 2025. Total imports increased to US$92.09 billion, compared with US$77.55 billion a year earlier, representing a growth of 18.75 per cent. As a result, the overall trade deficit narrowed to US$9.41 billion during August 2026 from US$11.62 billion in August 2025. During the first five months of FY 2026–27 (April–August), cumulative exports increased by 15.55 per cent to US$399.27 billion, while imports rose by 18.01 per cent to US$459.65 billion.

Merchandise exports recorded particularly strong growth during August 2026, increasing to US$43.81 billion from US$34.74 billion in August 2025. Merchandise imports also increased to US$70.67 billion from US$61.96 billion during the same period. Consequently, the merchandise trade deficit widened during the month. On a cumulative basis, merchandise exports during April–August 2026–27 reached US$215.91 billion, compared with US$183.21 billion during the corresponding period of the previous year, while merchandise imports increased to US$363.00 billion from US$307.09 billion. The cumulative merchandise trade deficit consequently stood at US$147.09 billion, compared with US$123.88 billion a year earlier.

The growth in merchandise exports during August was led by Electronic Goods, Petroleum Products, Engineering Goods, Organic & Inorganic Chemicals, and Cotton Yarn/Fabrics/Made-ups and Handloom Products. Electronic goods exports increased by 89.82 per cent to US$5.55 billion, while petroleum product exports rose by 63.27 per cent to US$6.81 billion. Engineering goods exports increased by 24.86 per cent to US$12.32 billion, while exports of organic and inorganic chemicals rose by 16.38 per cent to US$2.80 billion. Exports of cotton yarn, fabrics, made-ups and handloom products increased by 13.79 per cent to US$1.12 billion.

The services sector continued to provide an important cushion to India's external trade performance. Estimated services exports increased to US$38.87 billion in August 2026 from US$31.19 billion in August 2025, while services imports increased from US$15.59 billion to US$21.42 billion. During April–August

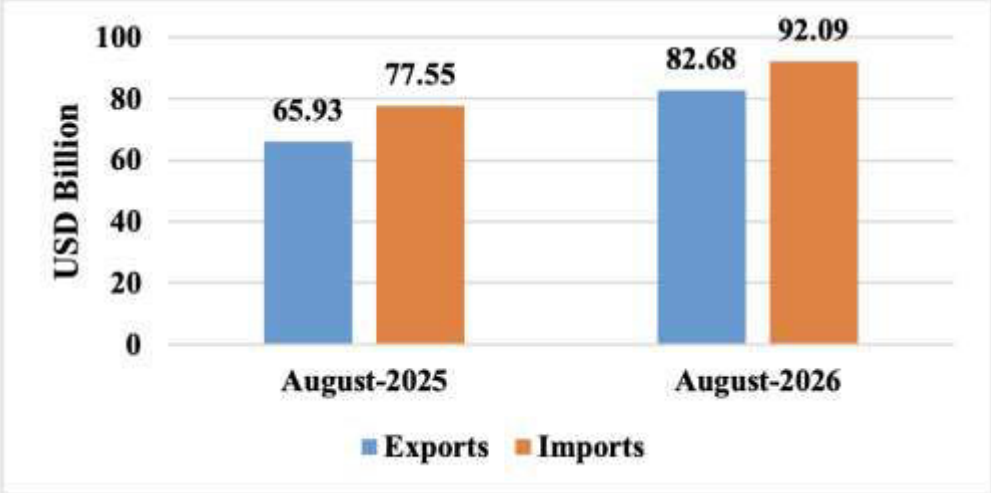
2026–27, services exports were estimated at US$183.36 billion, compared with US$162.34 billion during the corresponding period of the previous year. Services imports increased to US$96.65 billion from US$82.40 billion, resulting in a services trade surplus of US$86.71 billion, compared with US$79.94 billion in April–August 2025–26.

Table 2: Trade during August 2026

		August 2026 (US$ Billion)	August 2025 (US$ Billion)
Merchandise	Exports	43.81	34.74
	Imports	70.67	61.96
Services*	Exports	38.87	31.19
	Imports	21.42	15.59
Total Trade (Merchandise +Services) *	Exports	82.68	65.93
	Imports	92.09	77.55
	Trade Balance	-9.41	-11.62

Source: *Ministry of Commerce & Industry*

Figure 15: Total Trade during August 2026 (estimated)



Source: Ministry of Commerce & Industry

The performance of non-petroleum exports also remained encouraging, indicating that export growth was not solely dependent on petroleum products. Non-petroleum exports increased to US$37.00 billion in August 2026 from US$30.57 billion in August 2025. Non-petroleum and non-gems & jewellery exports increased to US$34.68 billion from US$28.26 billion. During April–August 2026–27, cumulative non-petroleum exports stood at US$180.61 billion, representing an increase of 14.39 per cent over the corresponding period of the previous year. Non-petroleum and non-gems & jewellery exports increased to US$168.69 billion from US$146.52 billion.

***Figure 16*: Merchandise Trade during August 2026**



Source – Ministry of Commerce & Industry, Department of Commerce

Geographical Trends

Export performance during August 2026 reflected continued expansion across several major markets. Among the leading destinations showing growth, exports to Tanzania increased by 214.52 per cent, followed by Spain at 196.47 per cent, Singapore at 160.96 per cent, China at 52.35 per cent and the United States at 21.83 per cent. On a cumulative basis during April–August 2026–27, exports to Tanzania increased by 129.00 per cent, followed by Singapore at 96.56 per cent, China at 38.71 per cent, Malaysia at 75.40 per cent and the United States at 6.17 per cent.

On the import side, Oman recorded the highest growth during August at 157.45 per cent, followed by Taiwan at 108.31 per cent, the United States at 65.78 per cent, Russia at 43.82 per cent and China at 17.07 per cent. During April–August 2026–27, imports from Oman increased by 190.63 per cent, followed by Brazil at 159.83 per cent, Russia at 56.69 per cent, the United States at 29.60 per cent and China at 27.01 per cent.

Index of Eight Core Industries (ICI)

India's core infrastructure sectors maintained a strong pace of expansion in August 2026, with the Index of Eight Core Industries (ICI) increasing by 4.8% year-on-year, according to provisional estimates released by the Office of the Economic Adviser, Department for Promotion of Industry and Internal Trade (DPIIT). The growth was marginally lower than the revised 5.0% growth recorded in July 2026, but remained significantly above the average pace recorded during the corresponding period of the previous year.

The August performance was led by cement, electricity, iron ore and steel, which recorded year-on-year growth of 12.5%, 11.6%, 5.5% and 3.4%, respectively. Refinery products also expanded by 2.6%. In contrast, coal, natural gas, crude oil and fertilisers recorded declines of 3.8%, 4.9%, 3.6% and 12.4%, respectively. The official assessment identifies iron ore, electricity and cement as the major contributors to overall ICI growth in recent months.

The performance of the electricity and cement sectors was particularly notable. Electricity output expanded by 11.6%, following 8.4% growth in July, while cement production increased by 12.5%, broadly maintaining the strong 12.7% expansion recorded in the previous month. Iron ore production grew by 5.5%, although this represented a moderation from the exceptionally high 29.5% growth recorded in July. Steel production also strengthened, with growth accelerating from 1.9% in July to 3.4% in August.

Figure 17: Index of Core Industries (ICI) and Year-on-Year Growth Rate (Aug 2025 – Aug 2026) (P)



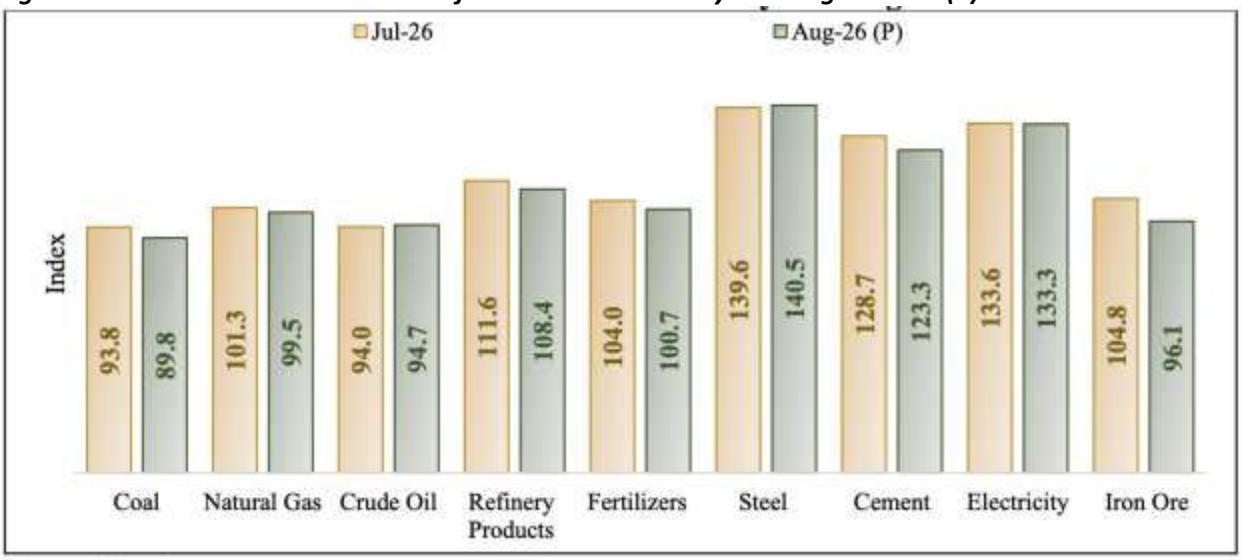
Source: Office of Economic Adviser, DPIIT, Ministry of Commerce & Industry

The performance of the energy-related sectors was more mixed. Refinery-product output increased by 2.6%, improving modestly from 3.0% growth in July. However, crude oil and natural gas production continued to contract, declining by 3.6% and 4.9%, respectively. Coal production also declined by 3.8% after registering 7.6% growth in July. Fertiliser production recorded the sharpest contraction among the eight sectors, falling 12.4% year-on-year, compared with an 8.0% decline in July.

The cumulative performance for the first five months of FY2026–27 remains encouraging. ICI growth during April–August 2026 stood at 4.3%, substantially higher than the 2.4% growth recorded during the corresponding period of FY2025–26. The cumulative expansion was driven particularly by electricity, cement and iron ore, which grew by 21.8%, 10.3% and 9.6%, respectively, over the period. Steel also expanded by 4.1%.

The sectoral composition of the ICI is important for interpreting the headline figure. Electricity carries the largest weight at 30.932%, followed by refinery products at 22.572% and steel at 17.584%. Consequently, the strong performance of electricity, cement and steel has provided substantial support to overall core-sector growth, even as the contraction in coal, crude oil, natural gas and fertilisers has acted as a drag.

Figure 18: Sector-wise Growth Rate of Core Industries – July and August 2026 (P)



Source - *Office of Economic Adviser, DPIIT, Ministry of Commerce & Industry*

The latest data therefore point to continued strength in India's infrastructure and industrial activity, particularly in electricity generation and construction-linked sectors such as cement, iron ore and steel. At the same time, persistent declines in domestic production of crude oil and natural gas, together with weaker coal and fertiliser output, indicate continuing divergence across the core sectors. The combination of strong electricity and infrastructure-related activity with weakness in several energy and input-producing sectors will remain important for assessing the broader industrial growth trajectory.

The August 2026 ICI data indicate that India's core-sector activity remained firmly in expansion territory, with growth of 4.8% and cumulative growth of 4.3% during April–August. The sustained performance of electricity, cement, iron ore and steel provides a positive signal for industrial and infrastructure activity, while contractions in several energy and fertiliser sectors remain areas to monitor. The data are also consistent with the broader improvement in manufacturing activity reflected in the September PMI, although the two indicators measure different aspects of economic activity.

6. India’s Sovereign Credit Rating upgraded to 'A-' with Stable Outlook by Japan Credit Rating Agency

The Government of India welcomes the decision of Japan Credit Rating Agency (JCR) to upgrade India’s Long-Term Foreign Currency and Local Currency Issuer Ratings by one notch from ‘BBB+’ to ‘A-’, while maintaining the Stable Outlook. JCR has also raised India’s country ceiling by one notch to ‘A’.

The upgrade reflects India’s solid economic growth, the effectiveness of economic policies in strengthening the foundations for growth, and the improved soundness of the financial system. JCR noted that the Indian economy has maintained a high growth rate, supported by robust private consumption and public investment. The latest GDP estimates released by the Ministry of Statistics and Programme Implementation (MoSPI) indicate that real GDP growth remained strong at 7.8 per cent in FY26. The growth momentum was sustained in Q1 of FY27, with real GDP growing by 7.8 per cent, despite prevailing

global headwinds. The agency also highlighted the Government's continued implementation of policies conducive to productivity growth and economic development, including the development of digital public infrastructure and implementation of the Goods and Services Tax, which have strengthened India's economic foundations.

The agency also recognised the improvement in the quality of fiscal expenditure, with greater emphasis on capital expenditure, particularly infrastructure investment. JCR noted that the Central Government's fiscal deficit declined from 4.7% in FY25 to 4.4% in FY26, while capital expenditure remained high.

JCR also highlighted the significant improvement in the overall soundness of India's financial system. The asset quality of the banking sector has strengthened, supported by the establishment of the Insolvency and Bankruptcy Code, capital infusion by the Government and strengthened supervision by the RBI. Capital adequacy and profitability in the banking sector have remained sound. The asset quality and capital adequacy of the non-banking financial sector have also improved, further strengthening the financial system.

On the external sector, the agency noted that India's current account deficit remains contained, supported by a surplus in the services balance. Ample foreign exchange reserves, significantly exceeding short-term external debt, provide strong resilience against external shocks.

The upgrade comes against the backdrop of a challenging global environment and underscores the continued strengthening of India's economic fundamentals, supported by sustained growth, effective economic policies, improved fiscal quality and a stronger financial system.

It is worth noting that India had previously received sovereign rating upgrades from major international rating agencies over the past year. Morningstar DBRS upgraded India's sovereign rating in May 2025, followed by S&P Global Ratings in August 2025 and Rating and Investment Information, Inc. (R&I), Japan, in September 2025.

7. India's Energy Transition to Drive Over Rs. 4 Lakh Crore Investment in Energy Storage by FY32

India's accelerating transition towards renewable energy is expected to create a substantial requirement for energy storage, with more than ₹4 lakh crore of investment estimated to be needed by FY2031–32 to meet the country's projected storage requirements, according to a recent report by CareEdge Ratings. The report highlights that India's power sector is increasingly shifting from the challenge of adding generation capacity to the more complex task of integrating variable renewable energy into the electricity grid.

The scale of the requirement is significant. India's operational energy storage capacity stood at around 54 GWh as of June 2026, while the requirement is projected to increase to approximately 411 GWh by FY2031–32. The growing gap reflects the rapid expansion of renewable generation and the need to balance variations in solar and wind power availability. While non-fossil sources account for around 50 per cent of India's installed power generation capacity, they currently contribute approximately 29 per

cent of actual electricity generation, underscoring the importance of storage, transmission infrastructure and flexible generation capacity for greater renewable integration.

Investment activity in the storage segment is already gaining momentum. Standalone energy-storage tenders increased sharply to around 21 GW in FY2025–26 from 7 GW in FY2024–25, indicating growing procurement activity for grid-scale storage solutions. Battery Energy Storage Systems (BESS) and Pumped Storage Plants (PSPs) are expected to play complementary roles, with battery systems providing flexibility and rapid response while pumped storage can support longer-duration energy balancing.

The scale of investment indicated by the CareEdge report is broadly consistent with the Government's projections. According to the Ministry of Power, the National Electricity Plan envisages 236 GWh of BESS and 175 GWh of PSP storage by 2031–32, with estimated investments of around ₹3.49 lakh crore and ₹1.29 lakh crore, respectively. This implies a combined investment requirement of approximately ₹4.78 lakh crore for these two storage technologies.

The expansion of storage will also need to be accompanied by substantial investment in the transmission network. CareEdge estimates around ₹5.19 lakh crore of transmission-sector capital expenditure during FY2026–27 to FY2030–31. However, execution challenges, including right-of-way constraints, forest clearances and coordination requirements, could influence the pace at which transmission capacity is added.

The transition is therefore expected to involve parallel investment in renewable generation, energy storage, transmission and flexible conventional capacity rather than an immediate replacement of thermal generation. CareEdge notes that well-contracted coal-based thermal power assets are likely to retain relevance in meeting rising electricity demand and providing flexibility as renewable penetration increases.

8. Coal Drives Growth in India’s Core Industries Despite Decline in Crude Oil Production

India’s eight core industries recorded 3.8 per cent growth in December 2023, supported primarily by a strong increase in coal production, according to data reported by the Ministry of Commerce and Industry. The eight core industries—coal, crude oil, natural gas, refinery products, fertilisers, steel, cement and electricity—together account for 40.27 per cent of the weight of items included in the Index of Industrial Production (IIP), making their performance an important indicator of underlying industrial activity.

Coal emerged as the strongest-performing sector during the month, with production increasing by 10.6 per cent year-on-year in December 2023. The coal index rose to 204.0 points from 184.4 points a year earlier, while coal production increased to approximately 92.9 million tonnes, reflecting continued strength in domestic coal output. The sector had also recorded double-digit growth in the preceding months, contributing significantly to the overall expansion of core industries.

The broader performance of the core sector remained positive, although growth was uneven across industries. Steel production increased by 5.9 per cent, while natural gas and fertiliser production grew

by 6.6 per cent and 5.8 per cent, respectively. Electricity generation recorded more moderate growth of 0.6 per cent. In contrast, crude oil production declined by 1.0 per cent during December 2023, highlighting continued challenges in domestic crude oil output.

The cumulative performance remained stronger than the monthly growth rate. During April–December 2023-24, the Index of Eight Core Industries recorded cumulative growth of 8.1 per cent over the corresponding period of the previous year. Coal was among the major contributors to this performance, with its cumulative index increasing by 12.5 per centduring the nine-month period.

The performance of the core industries highlights the continuing importance of coal and other conventional energy sources in supporting India's industrial and electricity demand, even as the country expands renewable-energy capacity. The strong growth in coal production during the period reflected higher domestic availability and supported the broader energy system, while the decline in crude oil production underlined India's continued dependence on imported crude to meet domestic demand.

9. India’s waste-to-gas potential could support 62 MMT of Compressed Biogas annually

India’s large and diverse organic waste base could provide a significant domestic source of renewable gas, with the country estimated to have the potential to produce around 62 million metric tonnes (MMT) of compressed biogas (CBG) annually, according to a report by Equirus cited by *Firstpost*. The assessment is based on an estimated 472 MMT of annual feedstock comprising animal waste, agricultural residue, municipal waste, sewage-treatment biomass and press mud from sugar mills. The development of this potential could contribute to India’s energy security while simultaneously supporting waste management and reducing environmental pollution.

Animal waste represents the largest source of potential CBG feedstock. Around 190 MMT of animal waste could potentially produce nearly 25 MMT of CBG annually, accounting for approximately 41 per cent of India's estimated CBG potential. However, the report highlights that the availability of waste does not automatically translate into commercially viable feedstock. Only around 15 per cent of the total dung generated in the country is estimated to be collectable, making the concentration of livestock and the availability of sufficiently dense rural clusters important considerations for the economic viability of CBG plants.

Agricultural residue represents another major opportunity. Around 150 MMT of paddy and wheat straw, cane trash and other crop residues could potentially produce nearly 20 MMT of CBG annually. However, the economics of utilising agricultural waste are closely linked to collection and aggregation infrastructure. Since crop residues need to be collected within a relatively short period after harvesting, estimated at around 45 days, efficient logistics and reliable feedstock supply chains would be critical for large-scale deployment of CBG projects.

Waste-to-Gas Opportunity

Municipal waste and sewage-treatment biomass could further expand India's CBG potential. Around 62 MMT of municipal solid waste could generate nearly 5 MMT of CBG, although only around 50–55 per cent of urban wet and food waste is biodegradable and therefore suitable for biogas production. Sewage-treatment plant biomass represents another significant resource, with approximately 50 MMT of feedstock potentially generating nearly 10 MMT of CBG annually. In addition, around 20 MMT of press mud from sugar mills could generate approximately 2 MMT of CBG. Press mud has an operational advantage because it can generally be sourced from a single location and does not require pre-treatment.

The scale of this resource base also has implications for India's natural gas supply and energy security. According to the report, the Petroleum and Natural Gas Regulatory Board estimates that the country's 472 MMT feedstock base could support around 230 MMSCMD of biogas. Greater utilisation of domestic organic waste for CBG production could therefore contribute to substituting a portion of conventional natural gas demand, while simultaneously creating a productive use for agricultural, animal and municipal waste.

10. Indian shares extend decline as higher oil prices and bond yields raise external risks

Indian equity markets remained under pressure on 29 September 2026, with benchmark indices extending their recent decline as elevated crude oil prices and rising US Treasury yields heightened concerns over inflation, capital outflows and corporate profitability. The Nifty 50 fell 0.28 per cent to 22,716.2, while the BSE Sensex declined 0.33 per cent to 72,529.07. The Nifty has declined around 5.7 per cent during September and nearly 6 per cent over the preceding seven weeks.

The pressure on Indian markets has intensified amid renewed uncertainty surrounding the Middle East conflict and energy supplies. Brent crude was trading around US$105 per barrel, while the US 10-year Treasury yield rose above 5.27 per cent, its highest level in 19 years. Higher global bond yields increase the relative attractiveness of dollar-denominated assets and can reduce the appeal of emerging-market equities, particularly when combined with elevated energy prices.

The increase in crude prices is particularly significant for India given its high dependence on imported oil. Higher international oil prices can increase the country's import bill and place pressure on the current account, inflation and the Indian rupee, while also raising input costs for businesses and potentially compressing corporate profit margins. Reuters noted that India's reliance on imported crude makes its financial markets particularly sensitive to sustained increases in global energy prices.

Foreign portfolio flows have also come under pressure. Foreign institutional investors sold approximately ₹5,353 crore (US$558 million) of Indian equities on 28 September, their highest single-day outflow in four weeks. Net foreign portfolio investor selling during September had reached around US$2.17 billion by 29 September. This followed two consecutive months of net buying, highlighting the sensitivity of portfolio flows to changes in global yields and risk perceptions.

The market weakness was relatively broad-based, with 13 of 16 major sectors declining on 29 September. Banking stocks fell around 0.4 per cent, while the IT index declined 1.5 per cent. Small-cap and mid-cap indices also declined by around 0.8 per cent and 1 per cent, respectively. The market nevertheless experienced considerable intraday volatility, with the Nifty briefly falling as much as 2.5 per cent during the closing auction amid the monthly derivatives expiry.

The developments in equity markets are occurring alongside active measures by the Reserve Bank of India to manage liquidity and foreign-exchange conditions. Reuters reported separately that RBI foreign-exchange operations, including dollar-rupee sell-buy swaps and spot dollar sales, have absorbed an estimated US$20 billion of excess rupee liquidity from the banking system during September. These operations have contributed to a significant reduction in surplus liquidity while also influencing forward foreign-exchange premiums.

Lessons from Economics

Capitalization & Economic Growth

Economic growth refers to an increase in the production of goods and services in an economy over time. Capital plays an important role in this process by supporting investment, improving productivity and creating employment.

Capital Formation: Capital formation is the process of adding to an economy's stock of productive assets. When a business purchases new machinery, a farmer buys a tractor or the government builds roads, productive capacity can increase. These investments enable businesses to expand, improve efficiency and produce more goods and services. Gross Fixed Capital Formation (GFCF) measures investment in fixed assets such as buildings, machinery, transport equipment and infrastructure. India's GFCF has been an important component of domestic economic activity, reflecting investments by both the public and private sectors. GFCF is currently 34.3% of India's GDP in Q1 FY27, driving 7.8% growth.

A useful distinction is between gross and net investment. Gross investment is the total investment made during a period, while depreciation represents the loss in value of existing assets due to wear and tear or obsolescence. Net investment is calculated by subtracting depreciation from gross investment. Positive net investment indicates an increase in the economy's productive capital stock.

Market Capitalization: In business finance, capitalization refers to the way a company is financed through equity and debt. In the stock market, market capitalization (market cap) represents the total market value of a company's outstanding shares. It is calculated by multiplying the current share price by the total number of outstanding shares.

Market capitalization reflects investors' valuation of listed companies and provides an indication of the size of a country's equity market. However, it is different from GDP, which measures the value of goods and services produced within an economy over a specified period. A rise in market capitalization does not necessarily translate into an equivalent increase in economic output.

Capital Investment and India's Economic Growth

India's economic growth is supported by investment in infrastructure, manufacturing, energy, transportation and digital connectivity. Government capital expenditure on roads, railways, ports and other infrastructure can improve productivity and encourage private investment. The Union Government's capital expenditure outlay for FY 2026–27 is ₹12.2 lakh crore, reflecting the emphasis on infrastructure-led development.

Private-sector investment, supported by banks and capital markets, also contributes to capacity expansion, technological advancement and employment generation. A favourable investment environment, supported by financial stability, skilled labour and policy certainty, can help convert financial resources into productive assets.

Oil Market

Crude oil price – Monthly Review

Benchmark crude oil prices surged to their highest level since May as negotiations between the United States and Iran to end the war in the Middle East remained at an impasse amid renewed hostilities. ICE Brent futures traded at $105/bbl, up $21/bbl since the start of August and 45% above pre-war levels, while physical benchmarks were significantly higher. However, the rise in both crude futures and physical prices pales in comparison with those for refined products, where market tightness is now most acute. Diesel/gasoil, which accounts for nearly 30% of global demand, saw prices in the United States surpass the $200/bbl mark in early September, 94% above pre-war levels, with Europe and Asia not far behind.

The widening differential between crude and refined products has pushed refinery margins to record levels in the Atlantic Basin. Total oil exports from Gulf countries in August are currently estimated around 13 mb/d, nearly half their pre-war level. Crude losses appear to have narrowed to just below 45%, supported by increased flows bypassing the Strait, as well as US military escorts protecting flows through Hormuz. However, refined product and LPG exports remain nearly 60%, or 3.7 mb/d, less than in February.

Net exports of diesel/gasoil from the Gulf countries averaged 390 kb/d in August, just over a quarter of pre-war levels, as flows through the Strait of Hormuz remained severely constrained. Disruptions to Russia's refining system and a near-halt to product exports following intensified Ukrainian attacks have compounded these losses. Combined, net exports of diesel/gasoil exports from the Gulf and Russia in August were 1.6 mb/d lower than in February, when they accounted for almost 45% of global seaborne trade. A partial offset comes from other regions, where throughputs are pushed to the limit to capture record profit margins.

Hedge funds and money managers turned more bullish on oil prices in August. The combined ICE Brent and NYMEX WTI net long positions rose by 12% between the weeks of 28 July and 25 August, as geopolitical tensions persisted and money managers positioned for potential oil supply disruptions. The rise in net long positions was concentrated in ICE Brent futures and positions, which increased by about 21% over the period.

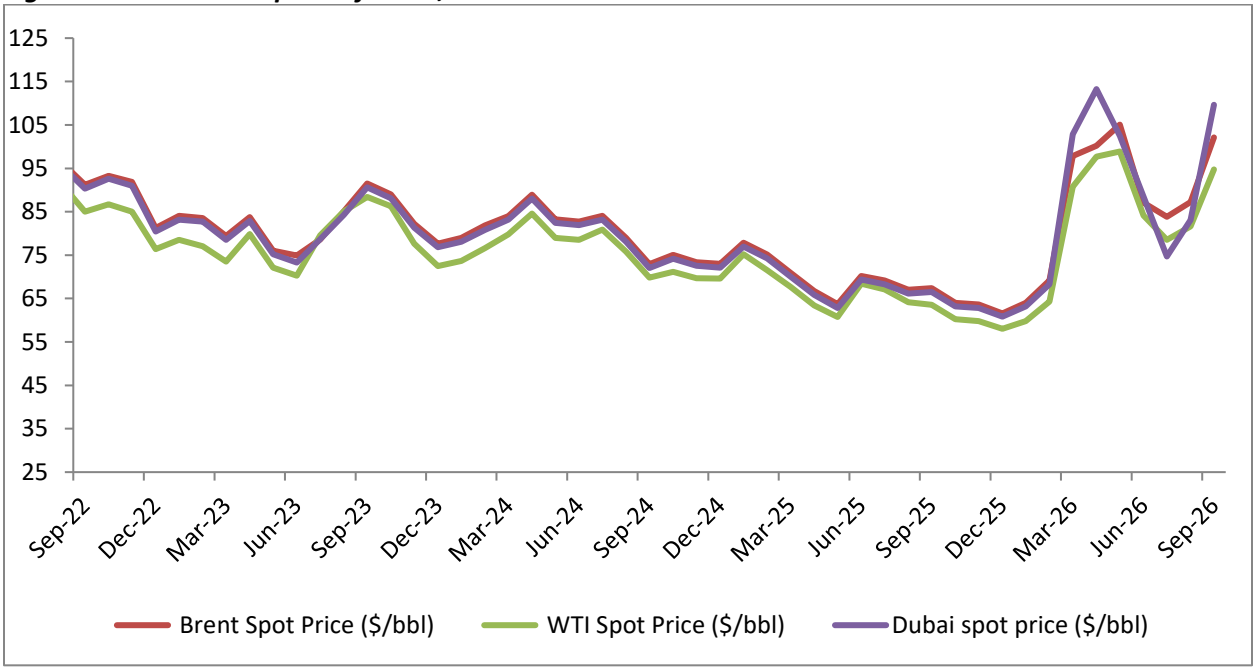
Crude oil spot prices rose on average in August, m-o-m, supported by persistent oil flow disruptions in the Middle East, strong refining margins, and a continued recovery in global refinery intake, which translated into stronger crude buying interest, specifically from Asia. Tight middle distillate markets, reflecting constrained Middle Eastern product exports and disruptions to refining and export flows in the Eastern Europe region, supported high utilization rates and lent additional support to oil prices.

In August, the ORB value rose by $3.45/b, m-o-m, to average $86.44/b. The West and North African Basket components – Bonny Light, Djeno, Es Sider, Rabi Light, Saharan Blend and Zafiro – increased by an average of $7.30/b, m-o-m, to average $89.86/b. Multiple-region destination grades, including Arab Light, Basrah Medium, Iran Heavy and Kuwait Export, rose on average by $0.56/b, m-o-m, to $83.15/b. Murban crude

increased on average by $11.81/b, m-o-m, to $90.96/b, while the Merey component gained $9.46/b, m-o-m, to average $76.82/b.

Brent crude ranged an average to $102.14 a barrel and WTI ranged to $94.77 per barrel in the month of September 2026.

Figure 19: Benchmark price of Brent, WTI and Dubai crude



Source: World Bank

- Brent crude price averaged $102.14 per bbl in September 2026, up by 17.1% on a month on month (MoM) and by 51.6% on year on year (YoY) basis, respectively.
- WTI crude price averaged $94.77 per bbl in September 2026, up by 16.1% on a month on month (MoM) and by 49.2% on year on year (YoY) basis, respectively.
- Dubai crude price averaged $109.67 per bbl in September 2026, up by 32.0% on a month on month (MoM) and by 63.3% on year on year (YoY) basis, respectively.

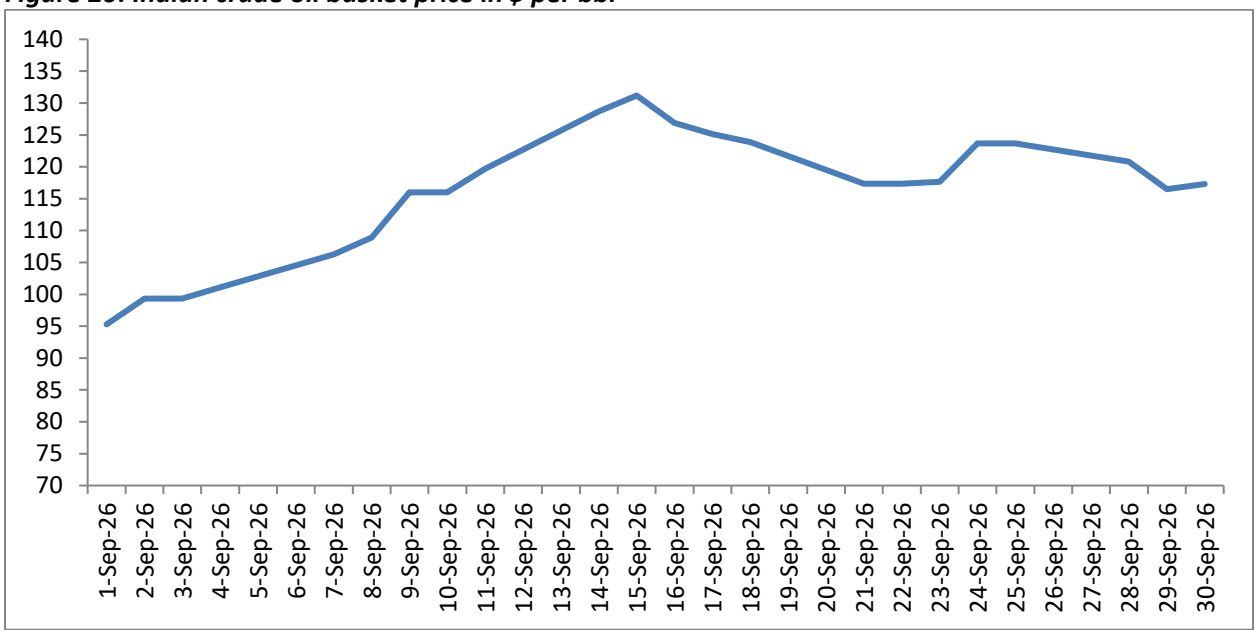
Table 3: Crude oil price in September, 2026

Crude oil	Price ($/bbl)	MoM (%) change	YoY (%) change
Brent	102.14	17.1%	51.6%
WTI	94.77	16.1%	49.2%
Dubai	109.67	32.0%	64.9%

Source: World Bank

Indian Basket Crude oil price

Figure 20: Indian crude oil basket price in $ per bbl



Source: PPAC

- Indian crude basket price averaged $116.09 per barrel in September 2026, up by 29.1% on Month on Month (M-o-M) and by 66.7% 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 54.84 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 8.7 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 August, crude oil production by countries participating in the DoC increased by 0.30 mb/d, m-o-m, to average about 38.05 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	28.27	28.81	29.08	29.23	28.85
of which US	*22.22*	*22.10*	*22.80*	*22.87*	*22.88*	*22.67*
Europe	3.63	3.76	3.57	3.54	3.66	3.63
Asia Pacific	0.41	0.39	0.38	0.39	0.38	0.39
Total OECD	**32.32**	**32.43**	**32.77**	**33.01**	**33.27**	**32.87**
China	4.62	4.74	4.68	4.59	4.58	4.65
India	0.82	0.82	0.81	0.81	0.82	0.81
Other Asia	1.64	1.66	1.68	1.64	1.62	1.65
Latin America	7.55	8.20	8.35	8.26	8.40	8.30
Middle East	1.99	1.53	0.70	1.31	1.57	1.28
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**	**19.62**	**18.91**	**19.29**	**19.76**	**19.39**
Total Non-DoC production	51.66	52.05	51.67	52.29	53.03	52.27
Processing gains	2.54	2.57	2.57	2.57	2.57	2.57
Total Non-DoC liquids production	**54.20**	**54.62**	**54.24**	**54.86**	**55.60**	**54.84**

Source: OPEC monthly report, September 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 0.4 mb/d in 2026, y-o-y, following a slight downward revision from last month's assessment. The OECD is forecast to decline by about 0.1 mb/d, while the non-OECD is forecast to grow by about 0.5 mb/d.
- Global oil demand in 2027 is forecast to grow by about 2.4 mb/d, y-o-y, following an upward revision from last month's assessment. The OECD demand is forecast to grow by about 0.4 mb/d, while the non-OECD is forecast to grow by about 1.9 mb/d.

Table 5: World Oil demand, mb/d

	2025	1Q26	2Q26	3Q26	4Q26	2026	Growth	%
Total OECD	**46.25**	**46.00**	**45.26**	**46.69**	**46.59**	**46.14**	**-0.11**	**-0.24**
~ of which US	*20.74*	*20.80*	*20.85*	*21.39*	*20.88*	*20.98*	*0.24*	*1.16*
Total Non-OECD	**59.21**	**60.29**	**57.66**	**59.58**	**61.25**	**59.70**	**0.49**	**0.83**
~ of which India	*5.65*	*5.85*	*5.37*	*5.53*	*6.08*	*5.71*	*0.06*	*1.06*
~ of which China	16.88	17.24	16.05	17.11	17.19	16.90	0.01	0.12
Total world	**105.46**	**106.29**	**102.92**	**106.27**	**107.85**	**105.84**	**0.38**	**0.36**

Source: OPEC monthly report, September 2026

Global petroleum product prices

USGC refining margins against WTI increased further in August. The upside was largely driven by middle distillates, particularly diesel, as strong export demand from Europe and Latin America tightened US supplies despite high refinery processing rates. Reduced Russian diesel availability raised the call on US diesel, with US diesel/gasoil exports reaching an elevated level of around 1.6 mb/d in August. Jet/kerosene margins also strengthened, supported by firm seasonal demand and tightness in the wider middle distillate market. However, gasoline margins eased as the US summer driving season approached its end.

According to preliminary data, refinery intake in the US rose by about 100 tb/d, m-o-m, to average 17.52 mb/d in August. USGC margins against WTI averaged $53.34/b, up $7.64/b, m-o-m, and up $38.27/b, y-o-y.

In Rotterdam, refinery margins rose further, but more slowly than in the USGC. Diesel provided most of the support as restricted Russian exports tightened supplies and increased competition for alternative barrels. Strong US inflows provided some relief later in the month, but regional stocks remained low. Gasoline margins eased from July levels as seasonal demand softened, while weak naphtha markets also capped the overall margin increase. Moreover, exceptionally low Rhine water levels in August constrained inland product flows and added to the supply tightness, particularly in Germany.

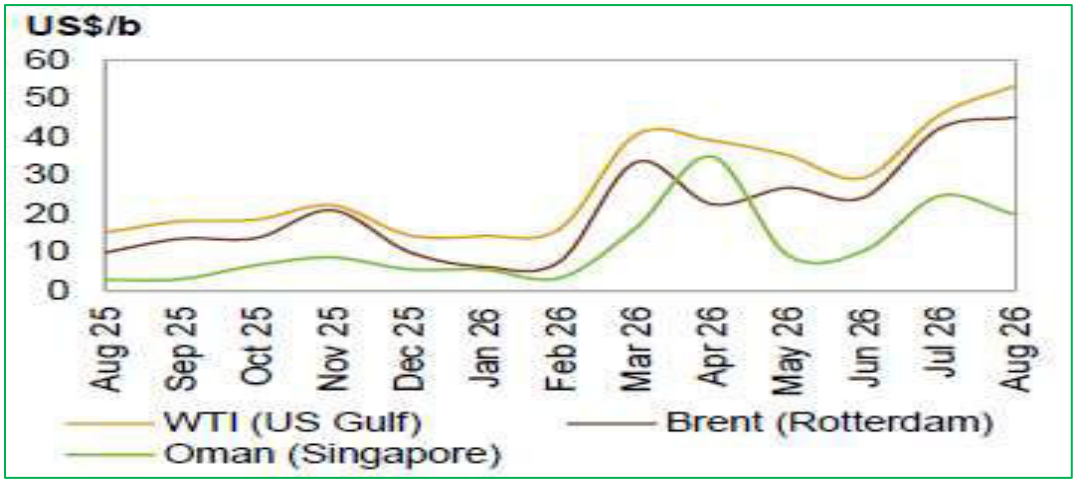
According to preliminary data, refinery runs in EU-14 plus Norway and the UK increased slightly by about 60 tb/d, m-o-m, to average 10.12 mb/d in August. Refinery margins against Brent averaged $45.07/b, up $2.94/b, m-o-m, and $35.13/b higher, y-o-y.

In Singapore, margins declined, reversing part of the previous month's gains. The weakness reflected higher regional refinery runs and increased clean-product exports, particularly from China. Higher product availability weighed on gasoline and naphtha cracks. Diesel cracks rose, m-o-m, in August, but faced

pressure later in the month, as Chinese exports rose. Higher medium sour crude prices also dampened refining economics in August.

According to preliminary data, refinery intake in Selected Asia – China, India, Japan, Singapore and South Korea – increased by about 520 tb/d, m-o-m, to average 25.20 mb/d in August. Refinery margins against Oman averaged $19.79/b, down $4.86/b, m-o-m, and up $16.97/b, y-o-y.

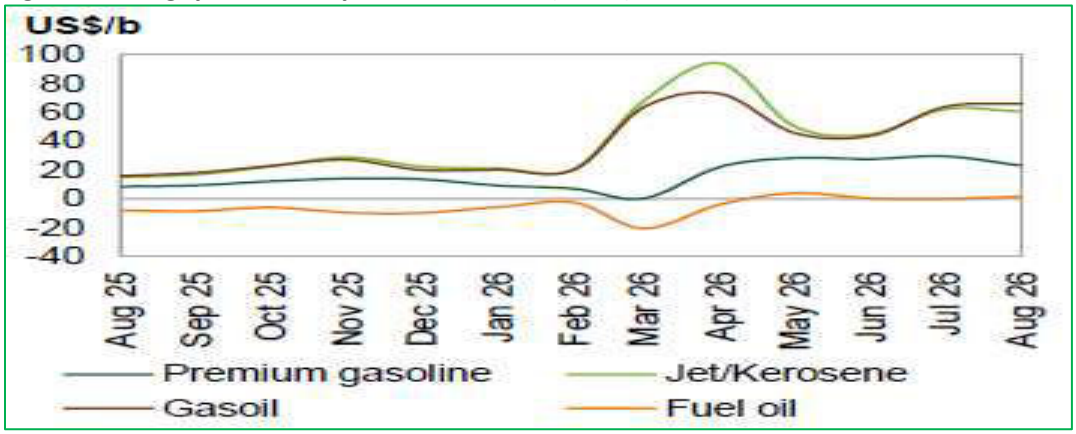
Figure 21: Refining Margins ($/bbl)



Source: Argus and OPEC

The Southeast Asia gasoline 92 crack spread against Dubai declined in August as regional supplies increased. Higher refinery runs and higher exports from China and South Korea improved availability, and seasonal support started to fade. The Singapore gasoline crack spread against Dubai averaged $23.17/b, down $6.47/b, m-o-m, and up $14.64/b, y-o-y.

Figure 22: Singapore crack Spreads vs. Dubai ($/bbl)



Source: Argus and OPEC

The Singapore gasoil crack spread increased slightly. Tight global diesel supplies provided support, but rising Chinese exports and higher regional refinery runs limited the upside compared with the Atlantic Basin. The Singapore gasoil crack spread against Dubai averaged $66.26/b, up $2.27/b, m-o-m, and $50.32/b higher, y-o-y.

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

Singapore product prices	Price ($/b)	MoM (%) change	YoY (%) change
Naphtha	87.43	-1.1%	39.4%
Premium gasoline (unleaded 95)	115.23	4.8%	43.8%
Regular gasoline (unleaded 92)	110.88	3.8%	42.2%
Jet/Kerosene	148.40	6.4%	75.7%
Gasoil/Diesel (50 ppm)	155.88	9.8%	81.1%
Fuel oil (180 cst 2.0% S)	145.45	9.7%	72.2%
Fuel oil (380 cst 3.5% S)	89.28	15.8%	45.5%

Source: OPEC

Petroleum products consumption in India

Monthly Review:

- Overall consumption of all petroleum products in August 2026 with a volume of 18.61 MMT registered de-growth of 2.80% on volume of 19.14 MMT in August 2025.
- MS (Petrol) consumption during the month of August 2026 with a volume of 3.84 MMT recorded a growth of 8.23% on volume of 3.54 MMT in August 2025.
- HSD (Diesel) consumption during the month of August 2026 with a volume of 7.02 MMT recorded growth of 6.79% on volume of 6.58 MMT in the month of August 2025.
- LPG consumption during the month of August 2026 with a volume of 2.35 MMT registered de-growth of 17.14% over the volume of 2.83 MMT in the month of August 2025.
- ATF consumption during August 2026 with a volume of 0.726 MMT registered growth of 2.15% over the volume of 0.710 MMT in August 2025.
- Bitumen consumption during August 2026 with a volume of 0.442 MMT registered a growth of 20.1% over volume of 0.369 MMT in the month of August 2025.
- Kerosene consumption registered a growth of 17.20% during the month of August 2026 as compared to August 2025.

Table 7: Petroleum products consumption in India, August 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	2,347	0.1%	-17.1%	11,172	-16.77%
Naphtha	828	-0.2%	-22.3%	4,166	-14.83%
MS	3,836	0.6%	8.2%	19,029	6.96%
ATF	726	2.9%	2.1%	3,716	0.47%
SKO	40	-7.9%	17.2%	177	0.39%
HSD	7,023	-13.2%	6.8%	40,774	4.84%
LDO	47	-29.1%	-41.8%	250	-40.30%
Lubricants & Greases	416	0.6%	11.6%	1,820	-5.22%
FO & LSHS	525	-16.9%	4.9%	2,733	9.94%
Bitumen	442	-1.2%	20.0%	2,166	-32.58%
Petroleum coke	1,599	-2.3%	-28.6%	6,815	-22.86%
Others	777	-7.3%	-5.0%	3,342	-22.80%
TOTAL	**18,606**	**-6.3%**	**-2.8%**	**96,160**	**-3.91%**

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 $2.78 per million British thermal units (MMBtu) in August 2026. Henry Hub's natural gas prices declined in August after increasing for two consecutive months. Strong US gas production coupled with ample storage levels dragged prices down. According to data from the US Energy Information Administration, US average weekly underground storage increased by 3.8%, m-o-m. Higher US LNG exports limited the downward pressure amid elevated global LNG benchmarks. Prices were down by ~4.5%, y-o-y.

- Natural gas spot price at the Title Transfer Facility (TTF) in the Netherlands in Europe traded at an average of $21.11 per MMBtu. The average Title Transfer Facility (TTF) experienced a second monthly gain in August, up by 16.9%, m-o-m. Relatively low storage levels in the region, increased international competition for LNG, and a higher geopolitical risk premium continued to be supportive of prices. Nonetheless, the increase in storage injections limited the price increases. According to data from Gas Infrastructure Europe, storage levels rose to 65.1% as of the end of August, up from 56.7% the previous month. Prices were up by 89.3%, y-o-y.

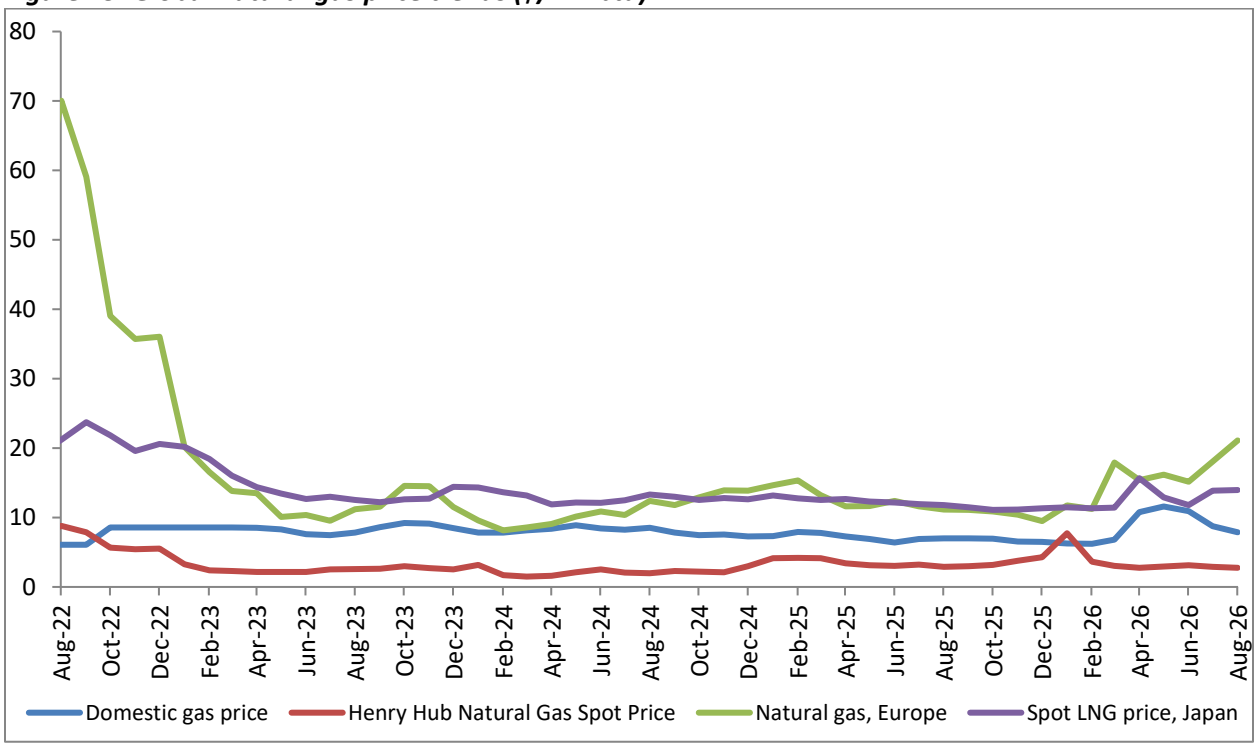
- Japan Liquefied Natural Gas Import Price averaged at $13.94 per MMBtu for August 2026. There is a change of 0.6% from last month and 18.2% from one year ago.

- 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 23: Global natural gas price trends ($/mmbtu)



Source: EIA, World Bank

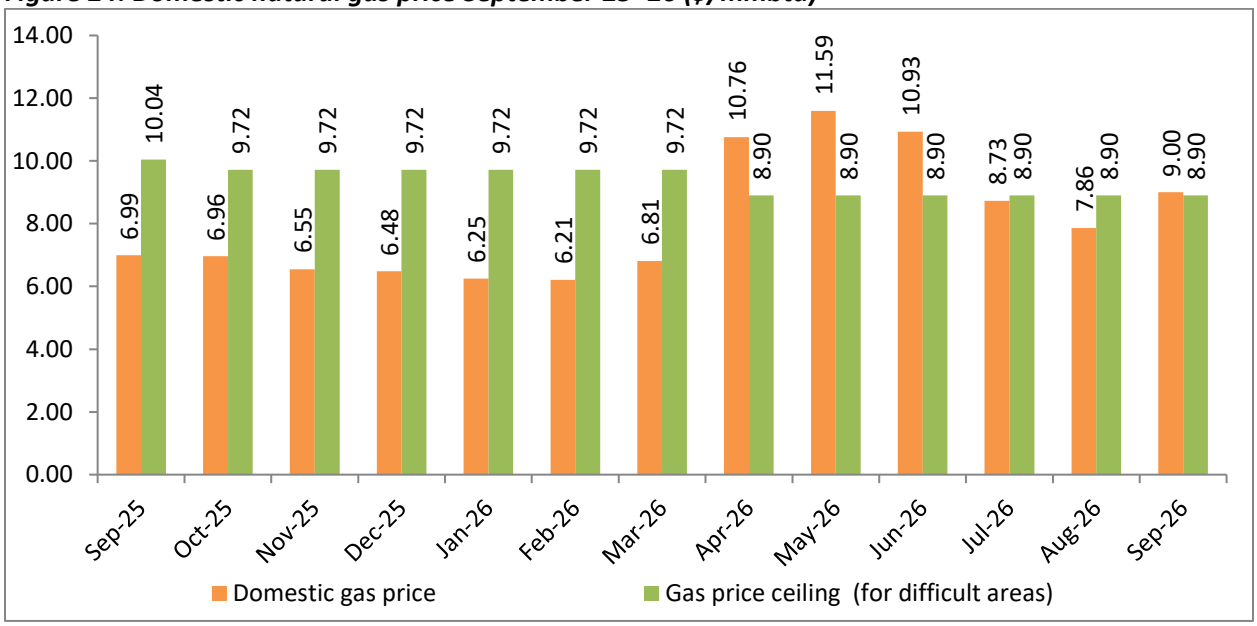
Table 8: Gas price, August 2026

Natural Gas	Price ($/MMBTU)	MoM (%) change	YoY (%) change
India, Domestic gas price (Sep'26)	9.00	14.50	28.76
India, Gas price ceiling – difficult areas (Apr'26-Sep'26)	8.90	-8.44%	-11.35%
GIXI (Gas index of India) price*	22.0	14.43%	107.3%
Henry Hub	2.78	-3.8%	-4.5%
Natural Gas, Europe	21.11	16.9%	89.3%
Liquefied Natural Gas, Japan	13.94	0.6%	18.2%

Source: EIA, PPAC, World Bank, IGX

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

Figure 24: Domestic natural gas price September'25–26 ($/mmbtu)



Source: PPAC

Indian Gas Market

- Gross Production of natural gas for the month of August 2026 (P) was 2830 MMSCM which was lower by 4.7% compared with the corresponding month of the previous year.
- Total Import of LNG (Provisional) during the month of Aug 2026 (P) was 2953 MMSCM as per prorated DGCIS data.
- Natural Gas available for Sale during Aug 2026 (P) was 5288 MMSCM (P) (marginal decrease of 2.03% over the corresponding month of the previous year).
- Total Gas Consumption based on Availability during Aug 2026 (P) was 5746 MMSCM (P) (marginal decrease of 0.7% over the corresponding month of the previous year).
- Major consumers were Fertilizer (29.3%), City Gas Distribution (CGD) (28.4%), Power (9.7%), Refinery (5.8%) and Petrochemicals (4.9%).

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

1. Domestic Natural Gas Gross Production:

Domestic natural gas gross production for the month of August 2026 was 2829 MMSCM (decrease of 5.03% over the corresponding month of the previous year).

Figure 25: Domestic natural gas Gross production (Qty in MMSCM)



Source: PPAC

2. LNG imports:

Total import of LNG (provisional) during the month of August 2026 was 2953 MMSCM (P) (up by 1.41% over the corresponding month of the previous year).

Figure 26: LNG imports (Qty in MMSCM)

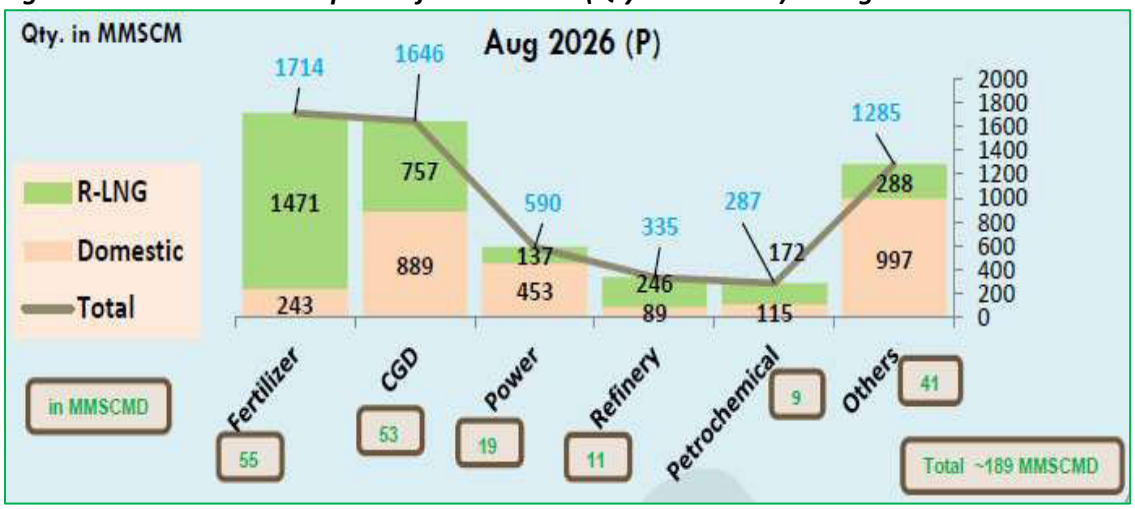


Source: PPAC

3. Sectoral Consumption of Natural Gas:

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

Figure 27: Sectoral Consumption of Natural Gas (Qty in MMSCM) in August 2026



Source: PPAC

Key developments in Oil & Gas sector

Monthly Production Report for August 2026

1. Production of Crude Oil

Indigenous crude oil and condensate production during August 2026 was 2.3 MMT. Around 78.6% of Production came from Nomination Fields, 9.3% from Pre-NELP Fields and 11.9% from NELP Fields, during August 2026. There is a de-growth of 3.6% in crude oil and condensate production during August 2026 as compared with the corresponding period of the previous year.

2. Production of Natural Gas

Gross Production of natural gas for the month of August 2026 (P) was 2830 MMSCM which was lower by 4.7% compared with the corresponding month of the previous year.

3. Crude Oil Processed (Crude Throughput)

Total Crude oil processed during August 2026 was 22 MMT, which is 1.3% lower than August 2025, out of which PSU/JV refiners processed 15.2 MMT and private refiners processed 6.8 MMT of crude oil. Total indigenous crude oil processed was 2.2 MMT and total Imported crude oil processed was 19.9 by all Indian refineries (PSU+JV+PVT). There was a de-growth of 1% in total crude oil processed in April-August during current Financial Year as compared to same period of previous Financial Year.

4. Production of Petroleum Products

Production of petroleum products was 24.3 MMT during August 2026, which is 3.3% higher than August 2025. Out of 24.3 MMT, 24 MMT was from refinery production & 0.3 MMT was from fractionator. There was a de-growth of 1.3% in production of petroleum products in April-August FY-2026-27(P) as compared to same period of FY 2025-26. Out of total POL production, in August 2026, share of major products including HSD is 41.8%, MS 17%, Naphtha 6%, ATF 4.7%, Pet Coke 4.9%, LPG 4.8%, and rest is shared by Bitumen, FO/LSHS, LDO, Lubes & others.

Key Policy developments/Significant news in Energy sector

1. **Biometric Aadhaar Authentication Mandatory for Subsidised Domestic LPG Refills from 1 October 2026**

From 1 October 2026, domestic LPG consumers will need to have completed Biometric Aadhaar Authentication (BAA) to book refills at the regulated Retail Selling Price (RSP) with applicable subsidy. BAA ensures that subsidised LPG reaches only genuine and deserving households. Linking each connection to the Aadhaar-authenticated consumer helps prevent diversion of subsidised domestic cylinders for commercial and industrial use, removes duplicate and ineligible connections, and makes subsidy delivery transparent and targeted. The process is not meant to deny LPG to any genuine household, and every eligible consumer has several easy ways to complete it.

What changes from 1 October 2026

- Consumers who have already completed BAA do not need to do it again. Their refills continue as before.
- For consumers who have not completed BAA, refill booking at RSP with subsidy will be enabled once authentication is completed.

How to complete BAA

- During refill delivery: the delivery person can complete authentication on the spot using the OMC mobile application.
- At the distributor's showroom: consumers can visit their LPG distributor and complete authentication there.
- On OMC mobile apps: consumers can complete the process themselves from home using:
    - IndianOil ONE for Indane customers
    - HelloBPCL for Bharatgas customers
    - HP PAY for HP Gas customers

Video tutorials on completing self e-KYC are available on the PMUY portal.

Option for consumers who do not wish to complete BAA

Consumers who are unwilling or unable to complete BAA can still receive LPG. They will need to register this choice on their OMC's digital channels: the consumer web portal, mobile app, WhatsApp chatbot, IVRS or other available channels. These consumers will be supplied LPG applicable market price, without any subsidy, in 5 kg or 10 kg cylinders, subject to local availability with the OMC.

Progress so far

As on 19 September 2026, 27.43 crore active domestic LPG consumers have completed BAA, a coverage of 89.9 per cent. Consumers were first asked to complete BAA by 30 June 2026. The

deadline was extended several times to give consumers more time: to 31 July, 7 August, 15 August, 23 August, 31 August, 7 September and finally 14 September 2026.

Since October 2023, Oil Marketing Companies (OMCs) have run a nationwide outreach drive. More than 12 crore SMS and WhatsApp messages have been sent. Distributors and delivery staff have followed up individually with consumers yet to authenticate. Special camps have been held at distributorships, high-footfall locations and in rural areas. IVRS prompts during refill booking, mobile notifications, and campaigns on social media, in newspapers and through other channels have also been used.

The cost of LPG subsidy

Domestic LPG is sold below cost. The implicit subsidy for September 2026 is around ₹210 per 14.2 kg cylinder; in June 2026 it reached ₹721 per cylinder. To keep domestic LPG affordable, the Government paid OMCs compensation of ₹22,000 crore in FY 2022-23 and is paying ₹30,000 crore during FY 2025-26 and FY 2026-27. Even after this, accumulated under-recoveries of public sector OMCs on domestic LPG exceeded ₹62,000 crore as on 31 August 2026. Directing the subsidy only to genuine consumers is essential to sustaining it.

2. 7th High-Level Meeting of the OPEC-India Energy Dialogue

The Meeting was co-chaired by HE Hardeep Singh Puri, India's Minister of Petroleum and Natural Gas, and HE Haitham Al Ghais, OPEC Secretary General.

Discussions focused on oil market stability, energy security and the importance of adequate and timely investment across the oil industry. Both parties reviewed the short-, medium- and long-term outlooks, underscoring India's crucial role in global economic expansion and energy demand growth.

In his remarks, HE Hardeep Singh Puri underlined that India and OPEC share a naturally complementary and mutually beneficial relationship and thanked Secretary General for his contribution in strengthening this partnership. He emphasized that India values its longstanding engagement with OPEC and its Member Countries, which has contributed significantly to mutual understanding and cooperation on key energy issues.

He noted that "As one of the world's fastest-growing major economies, India will remain an important driver of global energy demand in the decades ahead. A sustained dialogue between producers and consumers is essential to support investment, strengthen energy resilience and ensure reliable energy supplies for global growth and development."

Appreciating OPEC's efforts towards promoting stability and transparency in global energy markets during a period marked by geopolitical uncertainties and market volatility, he called on OPEC and India to work closely in advancing a balanced, stable and predictable global energy market.

In his remarks, HE Al Ghais stated that "Dialogue with India is a priority for OPEC because we recognize India's importance within the current global energy landscape and the fact that this importance will only increase in the decades ahead". He added that the "OPEC-India Energy Dialogue is eleven years strong, having been launched in New Delhi in 2015".

The Secretary General commended India's balanced, realistic and pragmatic approach to addressing energy challenges, emphasizing that "many of India's energy priorities are OPEC's priorities".

HE Al Ghais also praised the Indian Government's firm commitment to international collaboration and dialogue. He stressed, "What is particularly heartening about our dialogue is the fact that the Indian Government has consistently advocated diplomacy and dialogue as the means of resolving the great challenges of our age".

HE Al Ghais thanked all participants for their valuable contributions. He also expressed the OPEC Secretariat's sincere gratitude to HE Hardeep Singh Puri for the gracious hospitality extended to the OPEC delegation.

The Meeting commended the progress achieved to date within the framework of the dialogue, including at the technical level. It concluded with both parties underscoring the vital importance of fostering even deeper energy cooperation between OPEC and India.

It was agreed to hold the 8th High-Level Meeting of the OPEC-India Energy Dialogue at a mutually convenient date in Vienna, Austria.

3. New gas discovery springs up from India's frontier deepwater basin

India's government-owned energy giant Oil and Natural Gas Corporation (ONGC) has made a new natural gas discovery in the deep waters of the Mahanadi Basin off the country's east coast.

The drilling campaign that led to the latest gas discovery was launched on July 25, 2026, by Hardeep Singh Puri, India's Minister of Petroleum and Natural Gas, with the spudding of the MDW-28 (MN-DW18-1-H-D) exploration well in the deep offshore Mahanadi Basin.

MDW-28, which is described by the Asian company as the first well in its current deepwater campaign in this basin, is reported to flow gas with encouraging rates and sustained reservoir pressure.

The well is part of ONGC's deepwater exploration campaign under the government of India's Samudra Manthan initiative. Following subsurface data evaluation, the well was perforated on September 18, 2026.

The company underlined: "This find, along with other discoveries in the area, can be a candidate for development through shared facilities enabled by the PNG Rules, 2025, bringing deepwater resources on stream.

"ONGC will continue to push into deep and ultra-deepwater frontiers in the search for hydrocarbons, and towards India's goal of energy security. Hopefully, a new chapter in India's energy frontier."

The new gas find builds upon previous regional successes and aligns with the country's goals to unlock its deep and ultra-deepwater hydrocarbon potential, curb import dependency, and boost energy security.

4. India Energy Week 2027 Sets the Stage for Global Energy Dialogue in Kolkata

As India's energy demand continues to grow amid a rapidly shifting global energy landscape, the technologies, partnerships and strategic choices shaping the future of energy will be at the forefront of India Energy Week (IEW) 2027.

Making its debut in Kolkata from 28–31 January 2027 under the theme "Unlocking Innovation. Securing Energy. Shaping Tomorrow," the fifth edition of IEW will serve as the first major global energy conclave of the year, bringing together policymakers, energy leaders, technology innovators, investors and industry stakeholders from across the world to explore pathways to strengthen global energy security and advance sustainability.

Held under the patronage of the Ministry of Petroleum and Natural Gas, India Energy Week has grown rapidly since its debut in Bengaluru in 2023, expanding in scale, international participation and the breadth of issues addressed. At the fourth edition in Goa in 2026, the event brought together 75,000+ energy professionals, 700+ exhibiting companies, participants from more than 120 countries and 6,500+ conference delegates, reflecting its preeminent position among global energy conclaves.

Union Minister for Petroleum and Natural Gas Shri Hardeep Singh Puri along with Chief Minister of West Bengal Shri Suvendu Adhikari formally announced Kolkata as the host city for India Energy Week 2027. Shri Adhikari thanked Shri Puri and the Petroleum & Natural Gas Ministry for bringing IEW 2027 to West Bengal. Shri Adhikari said a successful IEW 2027 would help attract new investment, expand existing projects and create employment opportunities in West Bengal.

The evolution of India Energy Week has taken place alongside India's increasing importance to the global energy system. As the world's fastest-growing major economy, India's energy demand is expanding rapidly, while the country continues to balance energy security and affordability with its transition towards cleaner energy systems. India's energy choices therefore have implications well beyond its borders, making the country a centre of the global energy conversation.

IEW 2027 will build on this context, focusing on the technologies, innovations and partnerships required to ensure energy security, affordability and sustainability for the globe, especially countries in the global South. The event will provide a meaningful platform for stakeholders from across the hydrocarbon and wider energy value chain to explore opportunities to scale innovation, strengthen energy security, improve efficiency and accelerate technology-led progress.

With energy security, affordability, technology, investment and sustainability increasingly interconnected, IEW 2027 promises to catalyse global efforts to find practical solutions to the challenges shaping the sector. The exhibition and conference programmes will showcase developments across oil and gas, LNG, refining and petrochemicals, hydrogen, biofuels, digitalisation and AI, alongside other emerging areas within the energy sector.

Kolkata: A New Chapter for India Energy Week

The move to Kolkata brings India Energy Week to eastern India for the first time, adding a new geographical dimension by providing a platform for businesses, institutions and energy stakeholders from the region to engage with international partners and participate in global conversations on energy.

The fifth edition is expected to bring together 75,000+ energy professionals and 700+ international exhibitors, alongside the decision-makers in the energy domain. The exhibition and conference programmes will provide opportunities to showcase technologies, forge partnerships and explore the strategic opportunities and challenges shaping the energy sector.

The international character of India Energy Week has also grown alongside its scale. Previous editions have brought together senior government leaders and energy executives from major energy-producing and consuming economies. 17 Ministers and Deputy Ministers from countries including UAE, Canada, Netherlands, Oman, Brunei, Myanmar, Tanzania participated in IEW 2026, along with International organisations such as the International Energy Forum, BIMSTEC and the Eurasian Economic Union.

Their participation reflected the increasingly interconnected nature of the energy conversation, as countries and companies navigate questions around energy security, investment, technology, transition and the changing global energy landscape.

About India Energy Week

India Energy Week is the country's flagship global energy platform, bringing together government leaders, industry executives and innovators to accelerate progress toward a secure, sustainable and affordable energy future. As a neutral platform, India Energy Week drives investment, policy alignment and technological collaboration shaping the global energy landscape.

Held under the patronage of the Ministry of Petroleum and Natural Gas, India Energy Week 2027 is being organised by Federation of Indian Petroleum Industry (FIPI) with Informa Markets as Conference Organiser.

India Energy Week 2027 will take place from 28–31 January 2027 at the New Town Convention Centre, Kolkata, under the theme "Unlocking Innovation, Securing Energy, Shaping Tomorrow."

5. **India and Germany Strengthen Cooperation for Sustainable Development**

The Union Minister for Power and Housing & Urban Affairs, Shri Manohar Lal, held a bilateral meeting with the German Federal Minister for the Environment, Nature Conservation, Climate Protection and Nuclear Safety, Mr. Carsten Schneider, in New Delhi. The meeting was held to review and further strengthen the ongoing cooperation between India and Germany in the energy sector.

The discussions covered a wide range of areas, including energy security, electrification, low carbon development, carbon markets and diversification of supply chains. Both sides exchanged views on ongoing initiatives and explored avenues to deepen collaboration in these areas, building on the strong momentum in India-Germany relations, which recently marked 75 years of diplomatic relations and 25 years of Strategic Partnership.

Both Ministers agreed that energy security, low carbon development and carbon markets are deeply interlinked, and that India-Germany cooperation across all three areas can be mutually reinforcing. They reaffirmed their shared commitment to advancing a secure, affordable and sustainable energy future, and looked forward to continued engagement in the months ahead.

6. **BEE Showcases Commercial Electric Cooking Solutions to Accelerate India's Transition from LPG to Electricity**

Bureau of Energy Efficiency (BEE), Ministry of Power, Government of India, organized the "Commercial Induction Cooking Showcase & Chef Challenge" in New Delhi, under the theme "Accelerating India's Electric Cooking Ambition: From Technology Demonstration to Real-World Adoption." The event brought together policymakers, public sector enterprises, manufacturers, technology providers, chefs, hoteliers, and commercial kitchen operators on a common platform to advance the adoption of energy-efficient electric cooking in India's commercial and institutional kitchens.

Shri Pankaj Agarwal, Secretary, Ministry of Power, was the Chief Guest. He inaugurated an exhibition featuring commercial e-cooking appliances and technologies from seven leading manufacturers. Shri Krushna Chandra Panigrahy, Director General, BEE, delivered the keynote address, and Ms. Neha Dhingra, Director, CLASP, delivered the welcome address.

Addressing the gathering, Shri Pankaj Agarwal noted that energy security is the real driver behind India's shift to electric cooking. Due to the ongoing global conflict and rising price of LPG, transitioning to e-cooking is not only a strategic shift but also an operational choice. He stated that the enabling base for this transition already exists, citing schemes such as Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA) and PM Surya Ghar Muft Bijli Yojana, which provide a strong foundation for promoting e-cooking appliances in the residential sector. At the same time, he acknowledged that the barriers to wider adoption have been behavioural and infrastructural, ranging from chef and consumer comfort with the taste of food cooked on induction to gaps in local distribution capacity. Looking ahead, he identified awareness creation as the fastest lever to drive demand and accelerate the mainstreaming of electric cooking across the country.

In his keynote address, Shri Krushna Chandra Panigrahy, Director General, BEE, welcomed representatives from the Ministry of Power, CLASP, industry, hospitality, PSUs, manufacturers, and chefs, and thanked them for their role in advancing India's e-cooking ecosystem. He said India's energy transition isn't just about cleaner energy sources; it is also about using energy more efficiently, and electric cooking brings together efficiency, energy security, convenience, and sustainability in one shift. He announced that BEE is inviting manufacturers, distributors, system integrators, and solution providers to register for the Go Electric Commercial Electric Cooking Vendor Directory, a public platform that will help hotels, restaurants, canteens, hospitals, and institutions find credible providers. He also shared that BEE is working with the Bureau of Indian Standards to develop a Standards & Labeling framework for commercial induction hobs. Shri. Panigrahy informed that BEE's objective is to move beyond individual demonstration projects towards a mature commercial e-cooking ecosystem, "where users have confidence in the technology, manufacturers understand market requirements, and policymakers have the evidence needed to support its scale-up."
The inaugural session was followed by a Commercial Induction Chef Challenge, where three chefs prepared dishes using induction cooktops. The demonstration enabled participants to observe the cooking performance, ease of use, heat control, and cooking time of induction technology.

The event concluded with closing remarks from BEE, reiterating the Bureau's commitment to working with the Ministry of Power, CLASP, manufacturers, industry associations, public sector enterprises and commercial kitchen operators to accelerate the adoption of energy-efficient electric cooking across India. The event reaffirmed the shared responsibility of the Government, industry and hospitality sector to move India's commercial kitchens from technology demonstration to real-world adoption, in line with the vision of a Viksit and Atmanirbhar Bharat.

7. Export of Power to Nepal Approved

Ministry of Power has accorded approval for the export of power, for 18 hours a day (00:00 hours to 18:00 hours) to Nepal Electricity Authority from 13 September 2026 to 31 December, 2026.

Approval has been given for upto 600MW of export through Muzaffarpur - Dhalkebar 400 kV D/c line and upto 54 MW through Tanakpur - Mahendranagar 132 kV S/c line. The quantum of power to be exported from January 2027, will be reviewed in December, 2026.

The recent floods have caused significant damage to hydropower infrastructure in Nepal, reducing its domestic power generation capacity and creating an additional requirement for electricity. The approval will help Nepal meet its power requirements during this difficult period and further strengthen the close and longstanding energy cooperation between India and Nepal.

India remains committed to supporting Nepal and strengthening bilateral cooperation in the energy sector.

8. Shri Manohar Lal Participated in G20 Energy Abundance Ministerial Meeting; Addresses Ministerial Sessions and Holds Bilateral Meetings with the United States and Canada

Shri Manohar Lal, Union Minister of Power and Housing & Urban Affairs, participated in the G20 Energy Abundance Working Group meetings in Houston on 15 September 2026. He delivered interventions under Pillar 1 and Pillar 2 and held bilateral discussions with senior leaders from the United States and Canada on strengthening energy cooperation.

Pillar 1: Energy Security and Affordable Baseload

The Minister highlighted India's rapid progress in building a secure and resilient energy system, noting achievements such as 552 GW installed capacity, a non-fossil share exceeding 50%, and major advances in solar, storage, nuclear, and clean cooking access. He emphasised India's commitment to technology neutral, inclusive energy pathways and global cooperation through ISA, OSOWOG, and the Global Biofuels Alliance.

Pillar 2: Permitting and Regulatory Efficiency

Shri Manohar Lal outlined India's reforms to streamline approvals and strengthen regulatory predictability through digital platforms including the National Single Window System, PARIVESH, and PM Gati Shakti. He stressed that efficient permitting is essential for timely infrastructure development and called for enhanced G20 collaboration in capacity building and regulatory modernisation.

Bilateral Meeting with the United States

The Union Minister met Shri Chris Wright, Secretary, U.S. Department of Energy, and discussed India's power infrastructure plans for AI, high-performance computing, and data centres, along with India's nuclear expansion roadmap. Both sides reaffirmed priorities for collaboration under the U.S.–India Energy Security Partnership, focusing on clean energy, resilient infrastructure, and emerging technologies.

Bilateral Meeting with Canada

Shri Manohar Lal also met Shri Corey Hogan, Parliamentary Secretary to the Minister of Energy and Natural Resources, Canada, to explore cooperation in energy efficiency, low emission technologies, and offshore exploration under Samundra Manthan scheme. The Minister encouraged Canadian companies to participate in India's expanding Exploration & Production sector and deepen engagement in emerging energy technologies.

The Union Minister reaffirmed India's unwavering commitment to strengthening national energy security through diversification of energy sources, expansion of clean and reliable baseload capacity, and accelerated adoption of emerging technologies. He emphasised that India will continue to pursue a balanced, future ready energy strategy while deepening international partnerships to ensure secure, sustainable, and affordable energy for its citizens and contribute meaningfully to global energy stability.

9. Minister of State for Power and New and Renewable Energy, Shri Shripad Naik holds Bilateral Meeting with European Parliament's Committee on Industry, Research and Energy (ITRE) Delegation

Shri Shripad Naik, the Minister of State for Power and New and Renewable Energy, held a bilateral meeting with a delegation of the European Parliament's Committee on Industry, Research and Energy (ITRE), in New Delhi, on 24 September 2026. The meeting was held to review and further strengthen the ongoing cooperation between India and the European Union in the power sector.

The discussions covered a wide range of areas, including energy security, power sector transformation, low-carbon development, nuclear energy, carbon markets and development of new technologies. Both sides exchanged views on ongoing initiatives and explored avenues to deepen collaboration, building on the strong momentum in India-EU relations, including the significant progress achieved in the India-EU Free Trade Agreement.

Shri Shripad Naik highlighted India's rapidly transforming power sector and the country's efforts to build a resilient, reliable and future-ready energy system. He noted India's progress in expanding non-fossil fuel capacity, including achieving the NDC commitments in this regard much ahead of the target, strengthening transmission and distribution infrastructure, deploying energy storage and smart-grid solutions, and advancing nuclear energy, energy efficiency and green hydrogen.

Both sides discussed opportunities for enhanced cooperation in emerging areas, including long-duration energy storage, digital power-system technologies, green hydrogen, carbon capture, utilization and storage, and nuclear technologies, including Small Modular Reactors. They also exchanged perspectives on carbon markets and the evolving carbon-pricing landscape, including Carbon Border Adjustment Mechanism (CBAM).

The meeting reaffirmed the importance of energy and power cooperation as a key pillar of the India-EU partnership. Both sides expressed their commitment to continued engagement, exchange of expertise and deeper technological and institutional cooperation to support secure, resilient and sustainable energy systems.

10. India and France Reaffirm Commitment to Power Sector Cooperation

Shri Pankaj Agarwal, Secretary, Ministry of Power, held a meeting in New Delhi with Mr. Bernard Fontana, Chairman and Chief Executive Officer, EDF, France, to review the ongoing engagement between India and EDF on the proposed deployment of EPR reactors in India. The meeting was attended by officials from the Ministry of Power, the Ministry of External Affairs, Central Electricity Authority (CEA), NTPC Limited and NPCIL on the Indian side, and by officials of EDF and the Embassy of France in India on the French side.

The discussions centred on the deployment of EPR technology, India's regulatory reforms for the nuclear sector, cooperation on pumped hydro storage projects, and the way forward for a robust, mutually beneficial partnership.

EDF apprised the Indian side of its efforts to build an ecosystem and supply chain in India for large-scale localization, and reiterated that a sizeable programme with multiple nuclear reactors would give suppliers confidence and enable economies of scale by leveraging Indian industry's capabilities.

Secretary (Power) briefed the French side on the progress made in finalizing India's regulatory framework for the nuclear power sector, including the Draft SHANTI (Sustainable Harnessing and Advancement of Nuclear Energy for Transforming India) Rules and Regulations, placed by the Department of Atomic Energy in the public domain for stakeholder consultation. The Rules provide for a streamlined, time-bound licensing framework and enable participation of private and foreign partners in India's nuclear power programme.

The two sides also discussed cooperation on pumped hydro storage projects, building on the proposed NTPC-EDF joint venture in this area.

11. New Corporate Average Fuel Economy (CAFE) Norms Notified

The Ministry of Power, Government of India has notified the new Corporate Average Fuel Economy (CAFE) Norms for passenger vehicles, which will come into effect from 1 April 2027 and remain applicable up to 31 March 2032. The new norms will apply to new passenger vehicles manufactured or imported for sale in India.

The new CAFE framework will drive progressive improvements in fuel economy through year-on-year tightening of targets across all five years. The fuel-consumption benchmark is tightened from 3.996

litres/100 km in 2027–28 to 3.3273 litres/100 km in 2031–32, representing an improvement of around 16.7 per cent over the period.

The revised target line has also been flattened to provide a more balanced, weight sensitive approach, with relatively softer targets for lighter vehicles and greater fuel efficiency requirements for heavier vehicles. The reference weight has been increased from 1,082 kg under existing norms to 1,229 kg under new CAFE norms, an increase of around 13.6 per cent, reflecting the evolving characteristics of the passenger vehicle fleet.

The new norms provide flexibility to manufacturers to adopt cleaner technologies, alternative fuels and other innovative solutions. The new CAFE framework promotes technological innovation in new technologies such as Solar reflective paints, advance glazing, high efficiency air-conditioning for improved fuel efficiency and India's energy security and sustainability objectives.

The passenger vehicle segment accounts for a substantial share of India's transport energy demand and remains an important contributor to fossil-fuel consumption. The new CAFÉ framework is consistent with and supports, rapid technological advancements, increasing availability of alternative and renewable fuels, growing electrification and evolving global automotive technologies.

Explanatory Note

Corporate Average Fuel Economy (CAFE) Norms from 2027-28 to 2031-32: A Future-Ready and Flexible Framework for India's Automotive Sector

The new CAFE Norms notified, will apply to passenger vehicles for the period from 1 April 2027 to 31 March 2032. They will replace the existing CAFE norms with effect from 1 April 2027 and will apply to new passenger vehicles manufactured or imported for sale in India. The new framework provides greater regulatory clarity and a stable policy framework for the automobile industry, while facilitating technological innovation and supporting the continued evolution of India's passenger vehicle sector towards greater energy efficiency and lower fuel consumption.

CAFE framework marks an important milestone in India's transition towards cleaner, more energy-efficient and sustainable mobility. The new CAFE Norms have been finalised following extensive consultations with automobile manufacturers, industry associations, academia and other stakeholders, with the objective of providing a future-ready, technology-neutral and flexible regulatory framework for the passenger vehicle sector.

The CAFE framework builds on the gains achieved under the existing regime while providing greater technology choice, flexibility and regulatory certainty to the automotive industry.

The framework seeks to drive continuous improvements in fuel efficiency while enabling greater adoption of cleaner technologies, alternative fuels and innovative solutions, thereby supporting

India's energy security and sustainability objectives. The framework is aligned with the broader vision articulated by Prime Minister Shri Narendra Modi for clean, energy-efficient and sustainable mobility as an important pillar of India's development and energy security.

Key Features of the new CAFE Norms

1. The overall fleet-average target has been progressively strengthened compared with the existing targets, while simultaneously providing manufacturers with a range of incentives and compliance pathways to encourage the adoption of clean fuels, cleaner technologies and more efficient vehicles. The framework therefore combines higher ambition with greater flexibility for industry to determine the most appropriate technology pathways.

2. The framework recognises the contribution of renewable and low-carbon fuels, including ethanol-blended petrol, biofuels and CBG, through the introduction of the Carbon Neutrality Factor (CNF). This provides manufacturers with an additional pathway for improving their fleet-level CAFE performance, alongside vehicle efficiency improvements and electrification. The provision supports India's broader transition towards cleaner fuels while encouraging innovation across multiple technology pathways.

3. The list of recognised fuel-conservation technologies has been significantly expanded from four to twelve technologies. This provides manufacturers with greater flexibility to adopt and receive recognition for approved fuel-saving technologies. A concession of 1 g CO_2/km for each eligible technology, subject to a maximum of 9.0 g CO_2/km, is available under the framework.

4. Battery Electric Vehicles (BEVs), Range-Extended Electric Vehicles (REEVs), Plug-in Hybrid Electric Vehicles (PHEVs), Strong Hybrid Electric Vehicles(SHEV) and Flex-Fuel Vehicles will receive volume derogation factors, also known as 'super credits', in fleet-average calculations. This provides an additional incentive for manufacturers to accelerate the deployment and market penetration of cleaner and advanced vehicle technologies.

5. To facilitate ease of compliance and provide manufacturers with greater operational flexibility, manufacturers may opt to meet their obligations over specified two-year/three-year compliance blocks, as provided under the framework. This allows manufacturers greater flexibility in managing their technology transition and product portfolios over the compliance period.

6. The framework provides greater flexibility to manufacturers in meeting their CAFE obligations. Manufacturers that perform better than their prescribed targets will generate credits, which may be carried forward within the specified compliance blocks. Manufacturers with a compliance gap may utilise eligible carry-forward provisions, enter into exchange/trade of credits with other manufacturers, or purchase credits through the buyout mechanism

administered by the Bureau of Energy Efficiency. These provisions are intended to ease the compliance burden, provide flexibility during the transition and enable manufacturers to manage variations in their product portfolio and technology adoption pathways.

7. Reporting will be undertaken under both the Modified Indian Driving Cycle (MIDC) and the Worldwide Harmonized Light Vehicles Test Procedure (WLTP). This dual approach will facilitate India's gradual transition towards globally harmonised vehicle testing practices.

8. Manufacturers with annual sales of below 1,000 units will remain exempt from fleet-average obligations, thereby avoiding the regulatory burden for low-volume manufacturers.

12. The Farmer Who Has Always Fed the Nation is Now also Lighting it up, with the Annadata Becoming an Urjadata: Union Minister Shri Pralhad Joshi

The farmer who has always fed this nation is now also lighting it up with the Annadata becoming an Urjadata, said Union Minister for New and Renewable Energy, Education and Consumer Affairs, Food and Public Distribution, Shri Pralhad Joshi, while addressing the curtain-raiser event ahead of the 7th Agrivoltaics World Conference 2026 in New Delhi.

The Union Minister said the next phase of PM-KUSUM will carry a dedicated component for agrivoltaics, enabling farmers to continue farming while also earning from electricity. He said the focus will be on small and marginal farmers, Farmer Producer Organisations, cooperatives and panchayats, while ensuring that land ownership remains with the farmer. He said solar income can provide greater income security to farmers whose earnings are otherwise dependent on monsoons and market prices.

Shri Joshi said that a farmer can earn three streams of income from the same acre — from the crop sold, the power sold to the DISCOM, and the money saved on diesel. For a small farmer, solar income is not just extra income, it is security, he said, adding that it can provide a regular source of income in both good years and bad years.

The Minister noted that India has about 18% of the world's population but a 2.4% of world's land, with more than 85% of farmers being small and marginal farmers cultivating less than 2 hectares. With agrivoltaics, he said, we do not have to choose between crop and solar plant, we can do both at the same time. The same land can continue to grow crops below, while generating clean energy above. The Minister said India added 55.29 GW of non-fossil capacity last year, more than the entire installed power capacity of several developed countries: Norway (40.6 GW), Switzerland (around 30 GW), Austria (34 GW) and Belgium (around 33 GW).

Shri Joshi highlighted the progress under PM-KUSUM, stating that around 29 lakh pumps have been solarised. He added that last year, decentralised solar contributed 16.3 GW, comprising 7.6 GW from

PM-KUSUM and 8.7 GW of rooftop solar, largely under PM Surya Ghar Muft Bijli Yojana, which is touching 5.6 million beneficiaries.

The Union Minister highlighted the need for more research on Agrivoltaics to understand what works best for different crops, climates and regions. He gave the example of BAIF's Rural Innovation Centre in Pune where researchers are testing 17 solar configurations across 30 crops, underscoring the importance of finding the right combination of crop, panel height, spacing, tracking system and business model for each farming condition.

Shri Joshi urged stakeholders, including industry and innovators, to focus on structures that allow tractors and harvesters to move freely and withstand local weather conditions, crop-wise and region-wise data generation by ICAR, agricultural universities and Krishi Vigyan Kendras, and innovation in structures, materials and mounting systems to narrow the cost gap with conventional solar. He said India is already building village-level skills and has trained almost 70,000 Surya Mitras.
The Minister said India's experience in agrivoltaics can be particularly relevant to the Global South, where farms have small holdings, abundant sunshine and grids that are still catching up. He said India's scale provides an opportunity to develop affordable and practical solutions that can be replicated across the Global South.

During the Curtain Raiser, the Union Minister also launched the teaser of the 7th Agrivoltaics World Conference 2026 along with the unveiling of the official Conference logo. The Agrivoltaics Pitch Hub on the theme "Fueling Farm to Fork Innovations" was also announced with the National Solar Energy Federation of India (NSEFI) as the knowledge partner. Built around the 3F framework of Food, Fuel and Fibre, the Pitch Hub will invite innovative solutions that can contribute to the future of agrivoltaics. Several national and international stakeholders, along with senior officials and representatives from Ministries, State Departments, research and industry sectors, were present during the Curtain Raiser.

The 7th Agrivoltaics World Conference 2026 will be held from 21st to 23rd October 2026 at Bharat Mandapam, New Delhi. The three-day international conference will bring together farmers, policymakers, researchers, industry leaders, international delegations and other stakeholders from across the world to deliberate on the future of agrivoltaics and explore pathways for scaling the sector.

The Conference is expected to provide an important platform for global and national stakeholders to exchange experiences, foster partnerships and identify practical pathways for integrating agriculture and solar energy. It will seek to advance farmer-centric, sustainable and scalable agrivoltaics solutions while strengthening India's role in shaping the global discourse on the sector.

13. Small Hydro Power has a distinctive role in India's clean energy transition: Shri Shripad Yesso Naik

Small Hydro Power has a distinctive role in India's clean energy transition, said Shri Shripad Yesso Naik, Minister of State for New and Renewable Energy and Power while addressing the Curtain Raiser Programme for the dedicated Small Hydro Power (SHP) session at the Bharat Renewable Energy Summit & Expo 2026 held in New Delhi. Addressing the gathering, he said that Small Hydro Power can contribute to energy security, decentralised generation, employment and socio-economic development in remote areas.

Shri Naik said that under the visionary leadership of Prime Minister Shri Narendra Modi, India's clean energy journey has undergone a remarkable transformation, propelling the country to the forefront of the global energy transition. He said renewable energy has emerged as a powerful instrument of energy security, economic growth, technological progress and employment generation.

The Minister highlighted that India has crossed the milestone of 300 GW of installed non-fossil-fuel capacity. He said the strength of India's energy transition lies in building a diverse, balanced and resilient energy portfolio suited to the country's geography, resources and development needs.

Shri Naik emphasized the significant potential of Small Hydro Power in this context. He said India's presently assessed Small Hydro Power potential is around 21 GW across more than 7,100 identified sites, of which only about 5.2 GW has been harnessed. He noted that this represents a significant opportunity for further development of the sector.

Shri Naik said the significance of Small Hydro Power goes beyond adding generating capacity. He noted that, wherever technically and environmentally feasible, appropriately designed run-of-river projects can provide a renewable energy option requiring relatively less land and avoiding the large-scale submergence and displacement associated with major reservoir-based projects.

He said Small Hydro Power can provide dependable renewable electricity closer to the point of consumption, strengthen decentralised generation and contribute to the resilience of the power system, particularly in geographically challenging regions. The sector can also create employment, support local enterprises and generate economic opportunities in remote areas while maintaining sensitivity towards ecology and local communities.

The Minister highlighted the Government's proposed Small Hydro Power Development Scheme for the period 2026-27 to 2030-31, with an outlay of ₹2,584.60 crore and a target of approximately 1,500 MW of new Small Hydro Power capacity. The Scheme will also incentivise States to prepare Detailed Project Reports for about 200 projects, thereby creating a pipeline of Small Hydro Power projects for future development.

The Minister stressed that Government support alone cannot unlock the full potential of the sector and called for a strong partnership among the Central Government, State Governments, developers,

financial institutions, technology providers and investors. He emphasised the need for policy certainty, streamlined approvals, improved ease of doing business, stronger Centre-State coordination and better bankability of projects.

Shri Naik said that the Curtain Raiser Programme marks the beginning of an important national conversation on how India can make fuller and smarter use of its Small Hydro Power potential. He said the dedicated Small Hydro Power session at the Bharat Renewable Energy Summit & Expo 2026, to be held from 2nd to 5th November 2026 at Bharat Mandapam, New Delhi, will provide an important platform to deliberate on policy reforms, investment, financing, technology and partnerships.

The Secretary highlighted the long lead time in starting hydropower projects as a key challenge, noting that delays in obtaining forest, environment and right-of-way clearances adversely impact timely project execution. He said that while the Ministry of New and Renewable Energy (MNRE) has been assured by the Ministry of Environment, Forest and Climate Change (MoEFCC) of timely clearances, particularly for small hydropower projects, a mechanism should be developed to generate and escalate alerts in cases of undue delays.

Emphasising the need to improve the bankability of small hydropower projects, the Secretary said that their unique cash-flow profile necessitates access to long-term patient capital. He urged the Indian Renewable Energy Development Agency (IREDA) to take the lead in working with banks and multilateral development institutions, including the Asian Development Bank (ADB) and the World Bank, to facilitate greater availability of patient capital for project developers.

14. Cabinet approves Green Energy Corridor Phase-III scheme for Development of Intra-State Transmission System with Battery Energy Storage Systems

The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has approved the Green Energy Corridor Phase-III (GEC-III) scheme. This historic initiative will strengthen India's Intra-State Transmission System (InSTS) to enable evacuation of up to 135 Gigawatt (GW) of renewable energy across States/ Union Territories.

The scheme also provides for deployment of 50 GWh of Battery Energy Storage Systems (BESS) at the Renewable Energy (RE) developer/generator end or any other location of importance for grid flexibility to address intermittency, congestion, peak-hour curtailment and meet non-solar hour demand. The scheme will facilitate grid integration and power evacuation with in the States/UTs of India.

The scheme is targeted to be set up by FY 2032-33 with total project outlay of Rs.1,86,405 crore, comprising Rs.1,36,378 crore for the development of Intra-State Transmission Systems (InSTS) under GEC-III, Rs.50,000 crore for 50 GWh of Battery Energy Storage Systems (BESS). The Scheme involves a total Central Financial Support of Rs.54,082 crore. The Central Financial Assistance (CFA) will help in

offsetting the Intra-State transmission charges and thus keep the power costs down. Thus, the Government support will ultimately benefit the end users – the citizens of India.

All Greenfield projects under the InSTS component will be implemented through Tariff Based Competitive Bidding (TBCB) mode, while brownfield upgradation and network strengthening works will be executed under Cost Plus Basis (CPB). The State Transmission Utilities will be the overall implementing agency, and Transmission Service Providers (TSPs) will participate under TBCB on a Build-Own-Operate-Maintain (BOOM) model.

The scheme will help in achieving the target of 900 GW installed Non-Fossil capacity by 2035. The scheme will also contribute to long term energy security of the country and promote ecologically sustainable growth by reducing carbon footprint. It will generate large direct & indirect employment in the power sector, manufacturing, and construction industries. Battery Energy Storage System (BESS) manufacturing and deployment will additionally generate employment in the domestic energy storage industry. The scheme will also generate long-term skilled employment in operation, maintenance, and grid management across participating States.

15. Union Minister of State Shri Kirti Vardhan Singh launches India's Net Zero Portal and NAPCC Dashboard on World Ozone Day 2026

Union Minister of State for Environment, Forest and Climate Change, Shri Kirti Vardhan Singh, launched India's Net Zero Portal and the National Action Plan on Climate Change (NAPCC) Dashboard on the occasion of World Ozone Day 2026 in Mumbai. The two digital initiatives mark an important step towards strengthening transparency, coordination and evidence-based climate action. The Net Zero Portal provides a national platform for voluntary Net Zero commitments by entities, while the NAPCC Dashboard enables consolidated monitoring of progress across the National Missions on climate change.

The Net Zero Portal is a centralised digital platform for voluntary registration and disclosure of Net Zero commitments by Indian entities across sectors. Participating entities can disclose their greenhouse gas (GHG) emissions, declare Net Zero targets and provide annual progress updates. Entities are encouraged to report Scope 1 and Scope 2 emissions, while reporting of Scope 3 emissions remains voluntary. The Portal also enables entities to outline pathways towards Net Zero, including measures related to clean energy transition, energy efficiency, technological interventions and carbon removals, as applicable.

The initiative brings voluntary climate actions onto a common platform, enhances transparency and encourages credible long-term climate planning. Entities successfully declaring their Net Zero targets will receive an acknowledgement from the MoEFCC. Public access to declarations by participating entities, organisations and industries will also create a consolidated repository of voluntary Net Zero actions in the country.

The NAPCC Dashboard provides a consolidated digital view of implementation and progress across the National Missions under the NAPCC. It brings together mission-related information and identified indicators on a common platform, facilitating systematic monitoring by concerned Ministries and Departments. The Dashboard will strengthen inter-ministerial coordination, support evidence-based assessment of national climate actions, help assess sectoral progress, identify implementation gaps and consolidate relevant inputs from Ministries and Departments. It is also expected to strengthen the linkages between domestic climate actions and India's international climate commitments.

The launch of the Net Zero Portal and NAPCC Dashboard reflects the Government of India's continued emphasis on technology-enabled governance, transparency, institutional coordination and evidence-based climate action, while facilitating wider participation in India's transition towards a low-carbon and climate-resilient future.

16. India reaffirms Commitment to Ozone Layer Protection and Climate Action at 32nd World Ozone Day Celebration in Mumbai

The Union Ministry of Environment, Forest and Climate Change organised the national celebration of the 32nd World Ozone Day in Mumbai, with the theme *'Global Action for a Cooler Planet'.* The event was presided over by Union Minister of State for Environment, Forest and Climate Change (EFCC), Shri Kirti Vardhan Singh, along with Maharashtra State Minister for Environment and Climate Change, Smt. Pankaja Munde.

The event was also graced by the presence of Secretary (EFCC), Shri Tanmay Kumar; Ms. Angela Lusigi, Country Head (UNDP); Ms. Ulrike Ebeling, Country Director and Head (GIZ India), besides senior officials from Governments of India and Maharashtra, besides representatives of international organisations, industry representatives, academic experts and school children to highlight India's efforts towards protection of the ozone layer and a cooler and more sustainable planet.

On the occasion, the dignitaries launched India's Net Zero Portal and the National Action Plan on Climate Change (NAPCC) Dashboard. The Net Zero portal will serve as a central repository to track, coordinate and showcase India's climate commitments and enable industries, organisations and government bodies to voluntarily register and display their progress towards net-zero emissions. Further, the NAPCC Portal was also launched as a centralised digital gateway showcasing India's overarching National Action Plan on Climate Change, with tracking and insights across national missions.

Union MoS (EFCC), Shri Kirti Vardhan Singh said India has demonstrated that economic growth and environmental protection can go hand in hand. The Minister said India has shown proactive leadership in conservation and has met its commitments under the Montreal Protocol without compromising development. He emphasised that collective action involving governments, scientists, industry, officers and citizens is essential to address environmental challenges.

Shri Singh highlighted Mission LiFE (Lifestyle for Environment) as a framework for translating environmental protection into simple, everyday actions. The Minister said mindful utilisation of natural resources, instead of wasteful consumption, can enable citizens to contribute to environmental conservation. He urged citizens to adopt three measures for sustainable cooling: get air-conditioners serviced by certified and skilled technicians who handle refrigerants safely; set AC temperatures at a comfortable level, preferably around 24 degrees Celsius, to save electricity and reduce carbon emissions; and choose high star-rated, energy-efficient appliances using climate-friendly refrigerants.

Smt. Munde said Maharashtra is working towards Prime Minister Shri Narendra Modi's vision for a developed India by 2047, with a focus on decarbonisation, sustainable development and environment-friendly growth. She said Maharashtra is preparing roadmaps and action plans to integrate ozone-layer protection and climate action, while also advancing energy-efficient and climate-responsive cooling systems and buildings, particularly in view of the State's rapid urbanisation and rising temperatures.

UNDP Country Head Ms. Angela Lusigi said India's implementation of the Montreal Protocol demonstrates that economic growth and environmental protection can advance together. Highlighting India's progress in phasing out ozone-depleting substances, she said the country's targets have often been achieved ahead of schedule, while promoting low-impact technologies, strengthening small and medium enterprises and training technicians in new refrigerants, creating opportunities for green jobs.

GIZ Country Director and Head Ms. Ulrike Ebeling said that India and Germany are working together to advance climate-friendly cooling solutions and support implementation of the HCFC Phase-out Management Plan Stage III (2025–2030), with a focus on the refrigeration and air-conditioning servicing sector. She highlighted efforts to establish a nationally recognised certification system for air-conditioning technicians, with a target to train 25,000 technicians by 2030, besides strengthening training capacity in the cooling sector.

The event also witnessed the announcement of the adoption of 248 Industrial Training Institutions by 12 Refrigeration and Airconditioning (RAC) manufacturers through a 4-Party Memorandum of Agreement comprising RAC manufacturers, Ozone Cell, Regional Directorate, Directorate General of Training (DGT) and State Directorate, DGT. The initiative is aimed at strengthening training infrastructure for the next generation of technicians. The institutional partnership aims to align classroom learning with industry standards. This synergy will build a workforce skilled in eco-friendly, low-global-warming-potential (GWP) technologies, directly supporting India's commitments under the Montreal Protocol and the India Cooling Action Plan (ICAP).

Publications based on studies conducted by the Ozone Cell, MoEF&CC were released on the occasion. The event also featured the announcement of winners of a national school-level poster and slogan writing competitions, as well as winners of a national online quiz competition. A video film showcasing

India's proactive industrial transformation and pioneering strides towards a cooler, more sustainable planet was also screened.

India has been a Party to the Vienna Convention for the Protection of the Ozone Layer and the Montreal Protocol on Substances that Deplete the Ozone Layer and all its amendments since 1992. The country has met all its commitments under the Montreal Protocol schedule for different ozone-depleting substances. Chlorofluorocarbons (CFCs), Carbon tetrachloride (CTC) and Halons have already been phased out for controlled applications, while India is currently phasing out Hydrochlorofluorocarbons (HCFCs) as per the accelerated phase-out schedule of the Montreal Protocol. India has already met the 2015, 2020 and 2025 phase-out targets for HCFCs.

India ratified the Kigali Amendment to the Montreal Protocol in September 2021. The Kigali Amendment came into force for India on 26 December 2021. As per the agreed phase-down schedule, India will complete the phase-down of HFC production and consumption in four steps from 2032 onwards, with reductions of 10 per cent in 2032, 20 per cent in 2037, 30 per cent in 2042 and 85 per cent in 2047, against the baseline.

17. World Circular Economy Forum 2026 Concludes in Gandhinagar with a call to Accelerate Inclusive and Scalable Circular Economy Solutions; Columbia University, USA to host WCEF 2027

The World Circular Economy Forum 2026 (WCEF2026) concluded at Gandhinagar, Gujarat, after two days of intense discussions spanning the full spectrum of Circular Economy. The Forum brought together around 2,700 Delegates and 260 Speakers from over 60 countries, including governments, international organizations, industry, start-ups, academia and civil society.

The closing session was graced by Shri Pravinbhai Mali, Minister of State for Forest and Environment, Climate Change, Transport, Government of Gujarat and Ms. Sari Multala, Cabinet Minister of Climate and the Environment, Finland. Other dignitaries attending the occasion included President (SITRA), Mr. Atte Jääskeläinen, besides senior officers of the Governments of India and the State of Gujarat. The programme also featured the WCEF2026 highlight film and launch of the Ecomark logo.

In his special address, Shri Pravinbhai Mali congratulated the participants for holding wide ranging meaningful deliberations during the last two days of the Forum. He stated that the true impact of the event lies in the collaborations on the ground for Circular Solutions and stressed on the need to move forward together from commitment to action. The Minister highlighted that the circular economy is not merely an environmental agenda but an economic opportunity, a societal responsibility, a daily lifestyle, and a pathway to secure a sustainable future for generations to come.

Ms. Sari Multala in her remarks congratulated India on successfully hosting WCEF 2026 and stated that India has not only hosted the forum but has inspired it. Circular economy is not an environmental issue but an economic and developmental opportunity, which is no longer a future possibility but one that is already prevalent globally. She noted that the importance of inclusion and peoples' dimension

of transition have been specifically highlighted during WCEF2026, besides exploring practical partnerships, business collaborations, innovations and investments in circular solutions. Ideas must become investments and successful innovations must scale with faster implementation, she concluded.

Earlier, setting the context for the closing session, Additional Secretary (MoEFCC) and Chairman (CPCB) Dr. Amandeep Garg informed the august gathering that the forum during the last two days witnessed four plenary sessions and 16 parallel sessions covering financial, technical and technological, social and economic aspects of Circular Economy. Topics such as employment, inclusivity, gender equity, future challenges and need of adequate financing were also discussed. He called upon all stakeholders to take the deliberations held during the forum to collective and successful implementation on ground.

The Chairman highlighted that the plenary sessions collectively highlighted India's vision and leadership in advancing the circular economy through national and state-level initiatives, business innovation and industrial strategy. The importance of enabling policies, material security, innovation, entrepreneurship and skill development were focused upon in the sessions. These broad principles were then translated into practical, sector-specific actionable insights through parallel sessions across various waste streams, reaffirming the role of reskilling, digital technologies, finance, value-chain partnerships and citizen participation in scaling circular solutions.

It was informed that the exhibition, organized concurrently with the forum, featured 135 national and international exhibitors, offering a glimpse into the ground level implementation of circular solutions, highlighting the practical challenges and the need to work together. 80 accelerator sessions would be organized during 17th -18th September 2026 by various collaborators to take forward the ideas that emerged during the forum, translating these into practical pathways. The forum gave a call to accelerate inclusive and scalable circular economy solutions through institutional coordination, capacity development and integration of circular principles into decision-making at all levels.

The closing ceremony concluded with Mr. Kristo Lehtonen, Director, International Programmes (SITRA) handing over the baton for organizing the WCEF 2027 to Columbia University, United States of America.

18. Ministry of Coal Successfully Launched 16th Round of Commercial Coal Mine Auctions; Executes CMDPAs for Six Coal Mines

The Ministry of Coal successfully launched the 16th Round of Commercial Coal Mine Auctions on September 17, 2026, in New Delhi. Shri Satish Chandra Dubey, Minister of State for Coal and Mines, graced the occasion as the Chief Guest.

On the occasion, Shri Satish Chandra Dubey launched the 16th round of commercial coal mine auctions and, along with Shri Vikram Dev Dutt, Secretary, Ministry of Coal, handed over Coal Mine Development and Production Agreements (CMDPAs) to the successful bidders of six coal mines auctioned in earlier rounds.

The CMDPAs were executed for Tara (Revised), Margo West, Margo East, Mandla South, Dongeri Tal-II and Dip Side of PKoC. The successful bidders include CG Syn-Gas & Chemicals Ltd., Jharkhand Exploration & Mining Corporation Limited, Qube Commercial Pvt. Ltd., Gallant Ispat Ltd. and The Singareni Collieries Limited.

The six mines together have geological reserves of approximately 1,504 million tonnes and a combined Peak Rated Capacity of 11.62 MTPA. Once operational, they are expected to generate annual revenue of around ₹1,984 crore, attract capital investment of nearly ₹1,743 crore and create approximately 15,700 employment opportunities in the respective coal-bearing regions.

The 16th round offers 25 coal blocks, comprising 21 fully explored and four partially explored mines, across nine coal-bearing states—Arunachal Pradesh, Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Maharashtra, Odisha, Telangana and West Bengal. Of these, six coal mines are offered under the Coal Mines (Special Provisions) Act (CMSP) and 19 under the Mines and Minerals (Development and Regulation) Act (MMDR). The blocks are open to experienced mining companies, new entrants and technology-driven enterprises under the liberal commercial coal mining framework, which provides for no end-use restrictions, 100% FDI through the automatic route and low upfront payments adjustable against future revenue share.

With the launch of this round, the commercial coal mining programme has now completed sixteen rounds since Prime Minister Shri Narendra Modi opened the sector to commercial mining in 2020. A total of 147 coal mines have been auctioned to date, with cumulative expected annual revenue of over ₹47,500 crore and projected capital investment of more than ₹55,000 crore across nine coal-bearing states.

Addressing the launch of the 16th Tranche of Commercial Coal Mine Auctions in New Delhi, MoS for Coal & Mines, Shri Satish Chandra Dubey, highlighted coal's vital role in powering India's growth, meeting around 55% of the country's primary energy requirement and over 70% of its electricity generation. Under the guidance of Prime Minister Shri Narendra Modi, he underlined the remarkable growth in coal production, which has crossed the 1 billion tonne mark for the second consecutive year, reflecting the strength of India's domestic coal sector and its growing contribution to energy security.

Shri Dubey highlighted the Government's efforts to transform the coal sector through greater transparency, competition and technology-enabled processes. He emphasised the importance of providing a level playing field for stakeholders and creating a conducive environment for investment and wider participation in commercial coal mining. He underscored the need to unlock India's domestic coal resources, enhance production and reduce dependence on imports, while ensuring efficient and sustainable utilisation of the country's coal reserves. He also called upon stakeholders to actively participate in the commercial coal mine auction process and contribute to strengthening India's energy security.

In her welcome address, Ms. Rupinder Brar, Additional Secretary and Nominated Authority setting the tone of the day she emphasised that transformation of India's coal sector towards a transparent, technology-enabled and competitive ecosystem. She noted the surge in Coal production in recent years from captive and commercial mines, emphasising that energy is the foundation of growth, development and progress.

Ms. Brar underlined the immense potential of India's coal sector to unlock domestic resources, drive production, attract investment and create new opportunities. She also emphasised that the Office of the Nominated Authority remains open and accessible to all stakeholders, facilitating dialogue and addressing their concerns and queries to ensure a conducive and transparent framework for commercial coal mining.

In his insightful address at the of launch of 16th round of Commercial Coal Mine auctions, Shri Sanoj Kumar Jha, Additional Secretary, Ministry of Coal, highlighted the growing focus on coal gasification as an important avenue for value addition and innovative utilisation of India's abundant coal resources. He emphasised the need to accelerate technology adoption and strengthen the ecosystem for next-generation coal utilisation. He also stressed the importance of learning from global best technologies and best practices, while developing solutions suited to India's requirements. Leveraging technology, innovation and global expertise can help unlock new possibilities in coal utilisation and support a more efficient, sustainable and future-ready coal sector.

The Ministry of Coal remains committed to deepening reforms in the coal sector, promoting greater participation and investment, and ensuring a reliable and affordable energy supply in line with India's long-term energy security goals.

19. India cuts windfall taxes on diesel, aviation fuel exports

India has cut windfall taxes on exports of diesel and aviation turbine fuel effective October 1, according to a government order issued late on Wednesday.

- The export duty on diesel was reduced to 16 rupees per litre from 20 rupees per litre, while the levy on aviation turbine fuel was cut to 10.5 rupees per litre from 15 rupees per litre, the order showed.
- The duty on petroleum exports remains unchanged at 0.5 rupees a litre.
- India first imposed windfall taxes on fuel exports in July 2022 and withdrew them two years later.
- The government reintroduced the tax in March 2026 after crude prices jumped during the US-Israeli war on Iran.
- The export duties are currently reviewed every fortnight and adjusted in line with movements in international crude oil and petroleum product prices.

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