Varanasi is gearing up for a major transformation in urban transport as India's first urban transport ropeway nears completion. Nearly 96% of the Rs 807-crore Kashi Ropeway project, connecting Cantt Railway Station to Godaulia, has been completed. Trial runs are currently underway, with passenger services expected to begin in December 2026.



Image Credit: AI-generated using Microsoft Copilot

NaBFID | National Bank for Financing Infrastructure and Development

EcoWatch

Monthly Update on Economy

Vol 3 ; Issue 8; November 2026

Economist Department
National Bank for Financing Infrastructure and Development

From the Chief Economist's Desk

National Bank for Financing Infrastructure and Development

A week is a long time in politics, a quote attributed to British Prime Minister, Harold Wilson, aptly captures the changed geo-political scene post the mid-term elections in the USA held on November 3rd 2026. The Democratic Party, having won majority in both Senate and House, promises to bring some order in the second half of the US President Donald Trump's term. The West Asia crisis, which began in the early months of the year 2026, remains unresolved and continues to pose a significant risk to global economic uncertainty. Sustained hostilities, characterised by recurrent attacks and retaliatory actions, have heightened regional instability in a geography that is critical to global energy supplies and maritime trade. Financial markets have responded with increased volatility across asset classes, while Brent crude oil price hover around US$100 per barrel amid concerns over potential disruptions to energy supply chains.

Central banks in major advanced economies have responded to renewed inflationary pressures, particularly those arising from higher energy prices due to ongoing West Asia crisis, by maintaining or tightening restrictive monetary policy settings. The US Federal Reserve raised federal funds rate by 25 bps in Sep'26 to 3.75%-4.00% and kept policy rate unchanged in its latest policy meeting. The European Central Bank (ECB) raised its key interest rates by 25 bps. Consequently, deposit facility rate increased to 2.50%, main refinances operations rate increased to 2.65%, and marginal lending facility rate increased to 2.90%, citing inflationary risks from energy markets. Bank of Japan (BoJ) moved towards normalization by raising its policy rate by 25 bps to 1.25% in Sep'26 while keeping policy rates unchanged in its Oct'26 meeting. Supported by hawkish monetary policy tone and price pressure, sovereign bond yields across advanced economies increased during Oct'26 and therefore tightened global financial conditions, raised borrowing costs, and heightened capital flow and exchange rate pressures for emerging market economies, including India.

At the domestic front, the Indian economy has continued to exhibit resilience during the ongoing fiscal year. The index of industrial production (IIP) expanded by 6.7% year-on-year in Sep'26 vs 7.8% in Aug'26. While this indicates a modest moderation in industrial activity, growth remained comfortably above the new-series average of 5.3% since Apr'24 and broadly in line with the Apr-Sep'26 average growth of 6.8%, signalling sustained momentum in the industrial sector. Non-food bank credit grew at 18.2% year on year as on the fortnight ended 15th Oct'26, compared to 11.6% during the corresponding fortnight of the previous year.

On the inflation front, consumer price index (CPI) inflation came in at 5.54% year-on-year for Sep'26 vs 4.83% year-on-year in Aug'26, approaching the upper threshold of the Reserve Bank of India (RBI) target of 4% (+/-) 2% band. Core inflation came in at 4.33% year-on-year in Sep'26 vs 4.16% year-on-year in Aug'26. The rise in both headline and core inflation indicates that price pressures are becoming increasingly broad-based across the economy. Amid unfavourable conditions caused by El Niño, the central government has set a foodgrain production target of 373.93 million tonnes for 2026-27, which is 2.63 million tonnes lower than the estimated output in 2025-26. Acknowledging the building price pressure in the domestic economy, the RBI raised policy repo rate by 25 bps to 5.50% and changed its policy stance from 'neutral' to 'calibrated tightening'.

The bond market and currency market in Oct'26 behaved mixed, USD/INR, which was hovering above 96 in the beginning of Oct'26, appreciated to the level of 95 towards the end of month. INR appreciated by 100 bps, as RBI took some regulatory measures to curb speculative activity in the FX market. The RBI has reduced the threshold for FX derivative transactions without underlying exposure from USD 100 million to USD 5 million, prohibited rebooking of cancelled INR-FX derivative contracts, and introduced a 20% foreign exchange risk reserve requirement for derivative contracts exceeding USD 2 million in notional value.

Further, India's 40-country trade-weighted nominal effective exchange rate (NEER) and real-effective exchange rate (REER) stood at 78.10 and 92.24, respectively, in Sep'26 against the 2015-16 base value of 100, suggesting that the rupee remains broadly undervalued relative to its trading partners. Benchmark 10-year G-sec yields hovering around 7.20% in the beginning of Oct'26, surged to around 7.40% towards the end of month, reflecting tightening domestic financial conditions, driven by rising bond yields in major advanced economies, persistent inflation concerns and evolving market expectations regarding future trajectory of monetary policy.

This issue of EcoWatch, while giving an update on macro-economic developments, gives a detailed analysis of 'India's Textile Parks', covering overview, progress and government support, in the development of India's textile industry under the thematic segment.

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IMF projects world real GDP growth at 3.1% in 2026, downside risks persist

- IMF's latest World Economic Outlook (WEO) projects global growth to slow down from 3.5% in 2025 to 3.1% in 2026, and rebounding to 3.4 % in 2027. The slowdown in growth reflects risks from global uncertainties and supply chain disruptions.
- Headwinds such as international trade related tensions, volatile energy prices and rising inflation levels continue to remain. Nevertheless, technology and artificial intelligence are acting as strong offsetting forces which are stimulating demand. But if rising AI investments are not translated into profits and productivity gains, economic growth could come under pressure.
- India's growth for 2026 saw an upward revision of 0.6% from the Jul'26 projections enabled by robust domestic demand and services activity.

IMF World Economic Outlook: October 2026

Real GDP growth (%, y/y)	2025	2026	2027
World	**3.5**	**3.1**	**3.4**
Advanced Economies	**2.0**	**2.1**	**1.8**
United States	2.3	2.3	2.3
Euro area	1.2	1.1	1.2
Japan	1.2	0.7	0.7
UK	1.2	1.3	1.2
Emerging economies	**4.4**	**3.7**	**4.4**
India	**7.8**	**7.0**	**7.0**
China	5.0	4.5	4.0
Brazil	2.3	2.2	1.9
Russia	1.0	0.9	0.9

Difference from July 2026 WEO projections

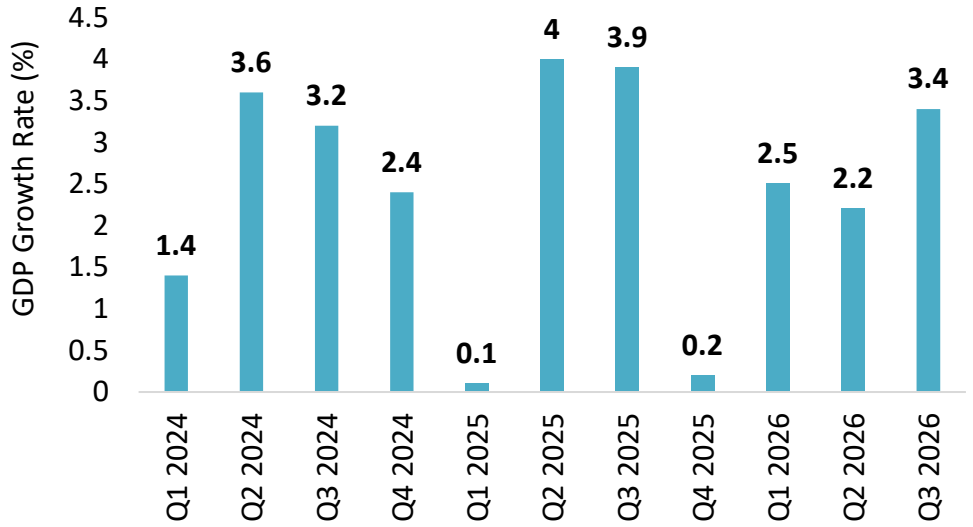
2026	2027
+0.1	**0.0**
+0.4	**0.0**
0.0	+0.1
+0.2	0.0
+0.1	0.0
+0.3	-0.1
-0.1	-0.1
+0.6	+0.3
-0.1	-0.1
-0.2	-0.3
-0.2	-0.2

Source: IMF, NaBFID Economist

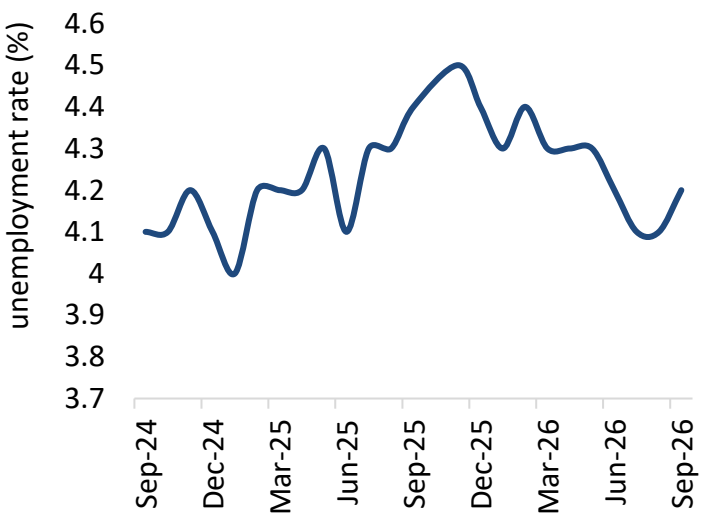
U.S. economy exhibits mixed signals as GDP growth surges while labor market cools and prices rise

- In Q3 CY26, seasonally adjusted real GDP in the US increased at 3.4% (q/q), marking an acceleration from 2.2% (q/q) growth experienced in the second quarter of the calendar year 2026 supported by rise in investment, consumer expenditure, and government expenditure. Unemployment in the US increased by 4.2% in Sep'26 relative to 4.1% in Aug'26.
- Annual Consumer Price Index (CPI) based retail inflation edged upwards to 3.7% in Sep'26 from 3.4% in Aug'26. Elevated energy and gasoline prices remain the key driver of inflation for the US.
- While the US economy is growing rapidly on account of technology investments and robust consumer spending, the labour market is exhibiting signs of weakness with rising unemployment. At the same time, inflation rates continue to edge higher, remaining above the Federal Reserve's 2% target.

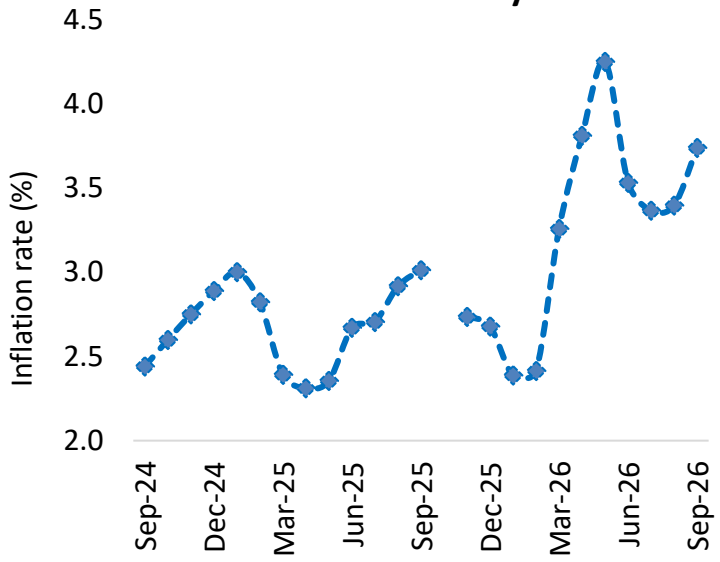
US GDP Growth Rate QoQ (Seasonally Adjusted)



US Unemployment Rate (Monthly)



US CPI YoY% Monthly

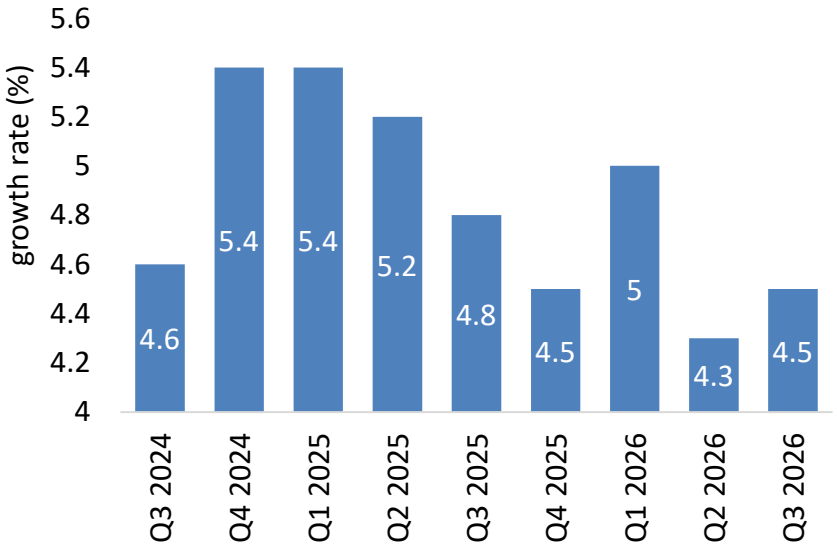


Source: CEIC, Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, NaBFID Economist

Economic rebound meets tech rout as China's Q3 growth gathers pace and STAR 50 plummets

- On the growth front, real GDP in China expanded by 4.5% (y/y) in Q3 CY26, gaining momentum from 4.3% (y/y) growth experienced in Q2 CY26, but lower than the 5% (y/y) growth experienced in the first quarter of CY27.
- On the inflation front, annual CPI based retail inflation edged upwards slightly to 0.9% in Sep'26 from 0.8% in Aug'26.
- The Shanghai Stock Exchange's (SSE) STAR 50 index, which tracks the movement of fifty largest and most liquid companies listed on the SSE, fell by nearly 40% since reaching its high in July'26 and June'26 as artificial intelligence and semiconductor stocks lost their value.
- Market analysts view this index drop as an early indicator that the global AI bubble may be bursting, as investors increasingly question whether massive infrastructure investments will yield near-term profits.

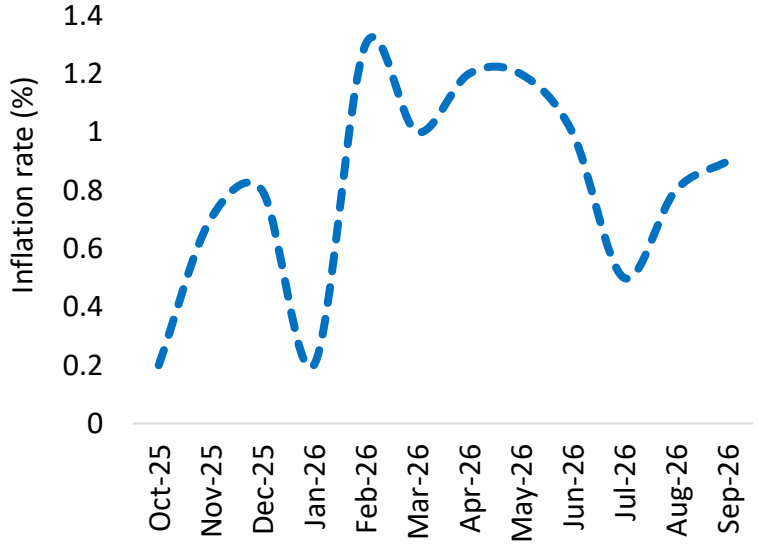
China Quarterly Real GDP YoY%



SSE STAR 50 Index



China CPI YoY% Monthly



Source: CEIC, Investing.com, NaBFID Economist

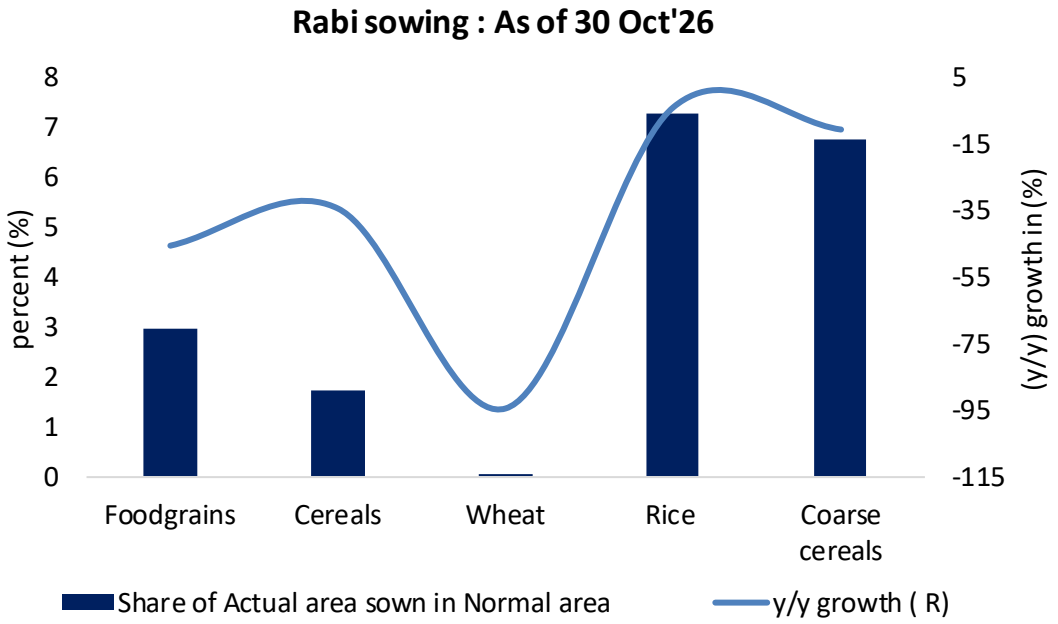
Bank of England and RBA (Australia) deliver rate hike in Nov'26 amid rising inflation

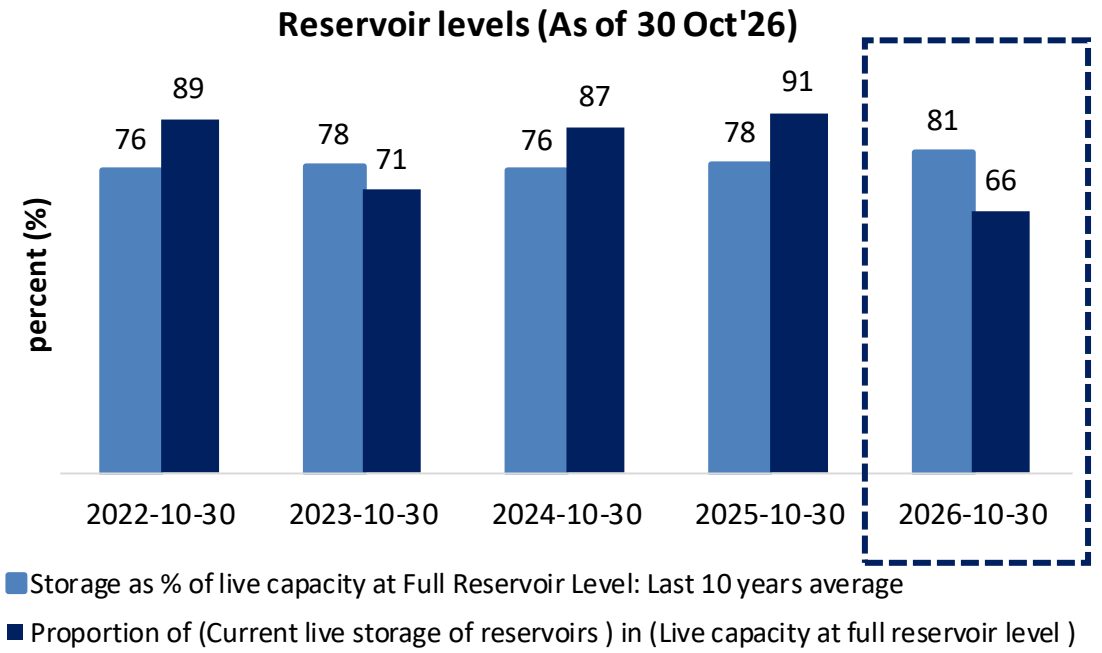
Economy	GDP growth rate	CPI (Latest)	Policy rate	Central Banks' Policy Comments
US	*3.4% (Q3)*	*3.7% (Sep)*	*3.75-4.00%*	Economic activity is expanding at a strong pace. While uncertainty remains elevated owing, in part, to geopolitical developments, domestic spending has been resilient. Productivity growth is strong, and capital investment is robust. Job gains have kept pace with the workforce, and the unemployment rate has changed little. Inflation remains elevated. The accumulation of more information will help the Committee determine the policy stance appropriate to ensure a timely return of inflation to the Committee's 2% goal.
UK	*1.4% (Q2)*	*3.5% (Sep)*	*4.00%*	At its meeting ended on November 4th, 2026, the MPC voted by a majority of 8–1 to increase Bank Rate by 0.25 percentage points to 4%. One member voted to increase Bank Rate by 0.5 percentage points. The West Asia conflict is now in its ninth month. Global energy prices have continued to rise from an already elevated level. UK CPI inflation increased to 3.5% in Sep'26. It is now expected to rise to around 5% by the middle of next year. It is then projected to fall as the impact of rising energy prices on 12-month inflation rates fades, and still restrictive monetary policy bears down on inflation.
Euro Area	*1.3% (Q3)*	*4% (Oct) (Estimate)*	*2.65%*	The Governing Council in its latest policy meeting decided to keep the three key ECB interest rates unchanged. Energy prices have continued to rise, posing upside risks to the inflation outlook and downside risks to the growth outlook. While the full effects of the energy shock are still unfolding, underlying inflation has remained broadly stable so far and wages do not show a material response at this stage.
Australia	*2.1% (Q2)*	*4.3% (Sep)*	*4.85%*	The Board decided to increase the cash rate target by 25 basis points to 4.85%. Inflation remains elevated and recent data indicate that it is increasing broad based. The inflation outlook has also been revised materially higher in the updated staff forecasts. This partly reflects higher fuel and other commodity prices affected by the West Asia crisis. But domestic capacity pressures are also judged to have been a little tighter than earlier thought. AI-related investment is driving rapid growth in prices for technology-related goods, and inflation in many goods and services remains high.
China	*4.5% (Q3)*	*0.9% (Sep)*	*3.0% (1y LPR) 3.5% (5y LPR)*	People's Bank of China kept the policy rate in its latest meeting in Oct'26 unchanged.
Japan	*0.9% (Q2)*	*2.1% (Sep)*	*1.25%*	At the Monetary Policy Meeting (MPM) held on October 30, 2026, the Policy Board of the Bank of Japan decided to keep the policy rate unchanged at 1.25%.

Source: Websites of Central Banks; NaBFID Economist

Rabi sowing begins in Oct'26; Reservoir levels significantly below their average levels in past 10 years

- With the Rabi cropping season beginning from October, Rice have exhibited the highest share of actual area sown in normal area at 7.3%, showing early and strong sowing progress. Unlike corresponding period of the previous year, wheat has exhibited the lowest progress in share of actual area sown in normal area at 0.06%. Wheat is followed by coarse cereals (6.7%), foodgrains (3%) and cereals (1.7%).
- The India Meteorological Department (IMD) announced withdrawal of the south-west monsoons from the entire country on October 15th, 2026. Due to El-Niño the cumulative rainfall received till Sep'26 stood at 13% below Long Period Average. Resultantly, the current water reservoir levels have stood significantly below their full reservoir level. In October month, reservoirs storage as % of capacity at Full Reserve Levels (FRL) for last 10 years stood at an average 81%. However, in Oct'26, Current live storage of reservoirs stood at 66% of their capacity at full reservoir level.

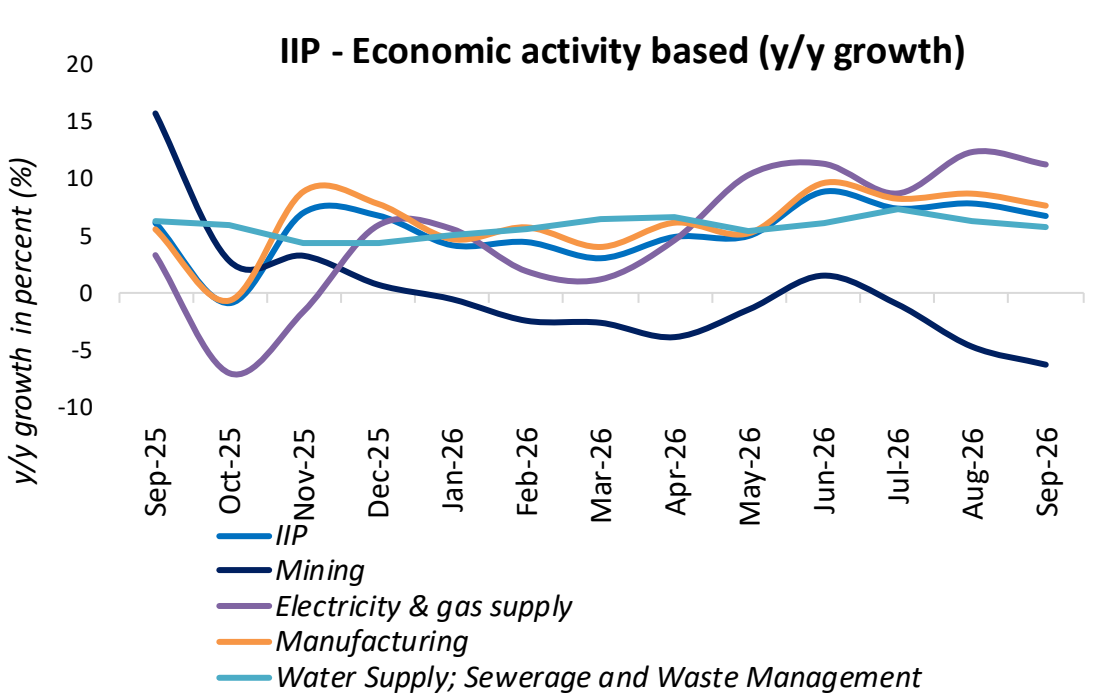


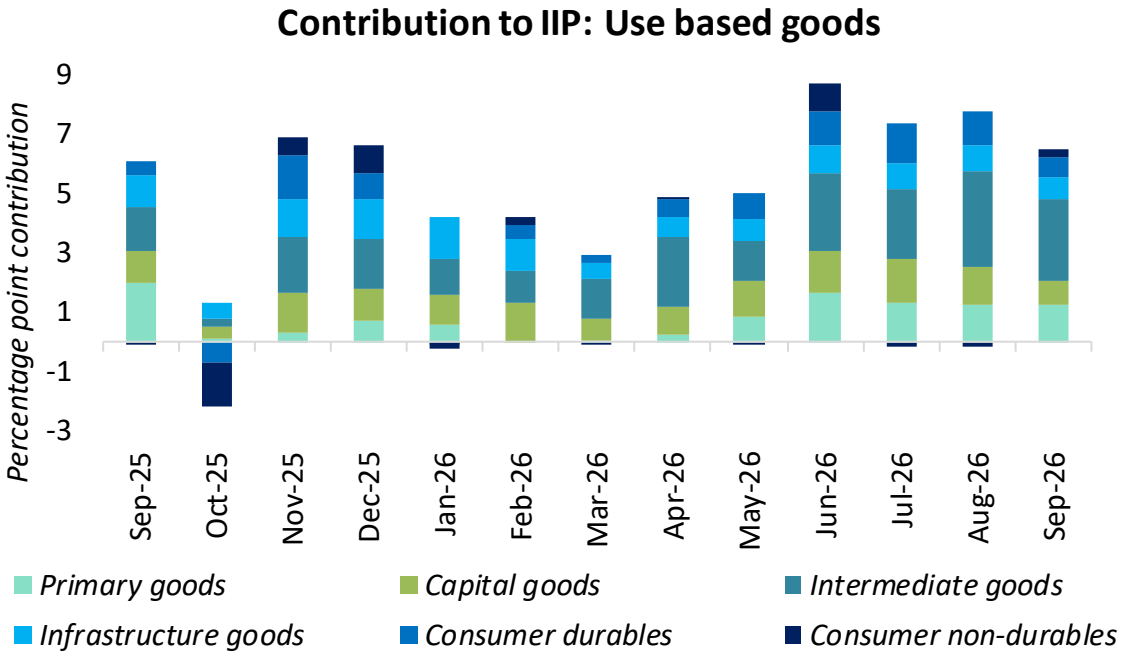


Source: MoSPI, NaBFID Economist, *based on the 5-year average of total kharif sowings.

Sustained momentum in IIP Growth at 6.7% in Sep'26, driven by double digit growth in electricity and gas supply

- Index of Industrial Production (IIP) grew at an annual rate of 6.7% (y/y) in Sep'26 compared to 6.1% (y/y) growth in the year-ago period. It moderated sequentially compared to the 7.8% (y/y) growth in Aug'26.
- This was primarily attributable to sustenance of double-digit growth on a (y/y) basis in electricity and gas supply at 11.25%, followed by strong growth in manufacturing at 7.6% and water supply, sewerage and waste management at 5.8%. However, de-growth further deepened in mining & quarrying at (-)6.2% (y/y).
- As per the use-based classification, intermediate goods and primary goods remained the top contributor to IIP growth responsible for over 60% growth observed in IIP in Sep'26. Consumer non-durables had the minimum contribution at 3%.
- The contribution of capital goods, infrastructure goods and consumer durables stood at ~34% with roughly equal contribution from each.

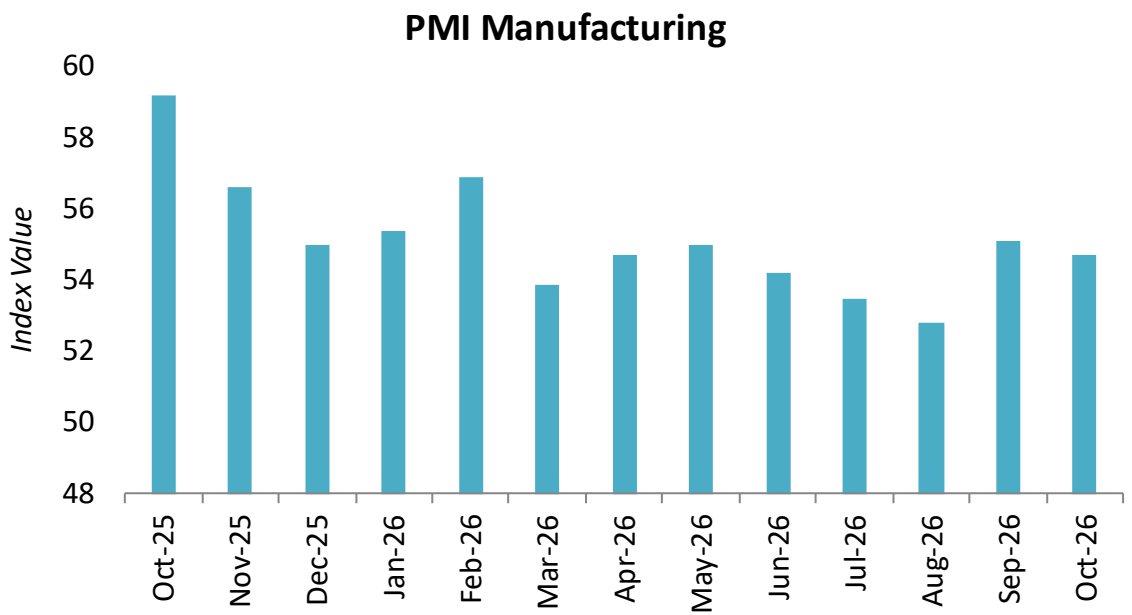


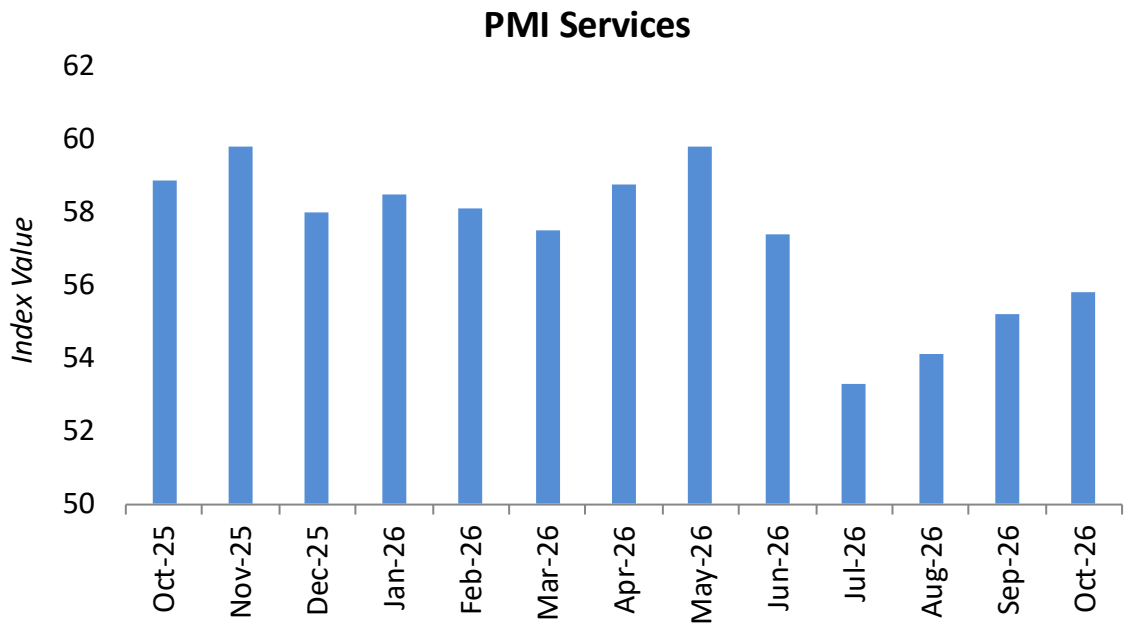


Source: MoSPI, CMIE, NaBFID Economist

PMI manufacturing eases to 54.7 in Oct'26; PMI Services at its 4-month high at 55.8 in Oct'26

- India's PMI Manufacturing index eased to 54.7 in Oct'26 from 55.1 in Sep'26. New orders pulled back marginally from Sep'26 seven-month high. However, export orders stood out, accelerating to their fastest pace in six months.
- Further, manufacturers filled their warehouses with finished products at a record pace attributing it to buoyant demand and efforts to prevent shortages. However, the aggressive stockpile build coincided with raw material purchasing growth slowing to its weakest in the entire 64-month sequence of expansion, suggesting hedging against a less certain demand outlook rather than gearing up for stronger sales ahead.
- Meanwhile, PMI services rose to 55.8 in Oct'26 from Sep'26 reading of 55.2. New business increased at its fastest rate since Jun'26 mainly because of strong domestic orders. However, international demand was muted, with growth in new export business matching its weakest pace in 45 months..
- Business confidence slipped from Sep'26 and stayed below its long-run average, signaling cautious optimism about growth prospects.

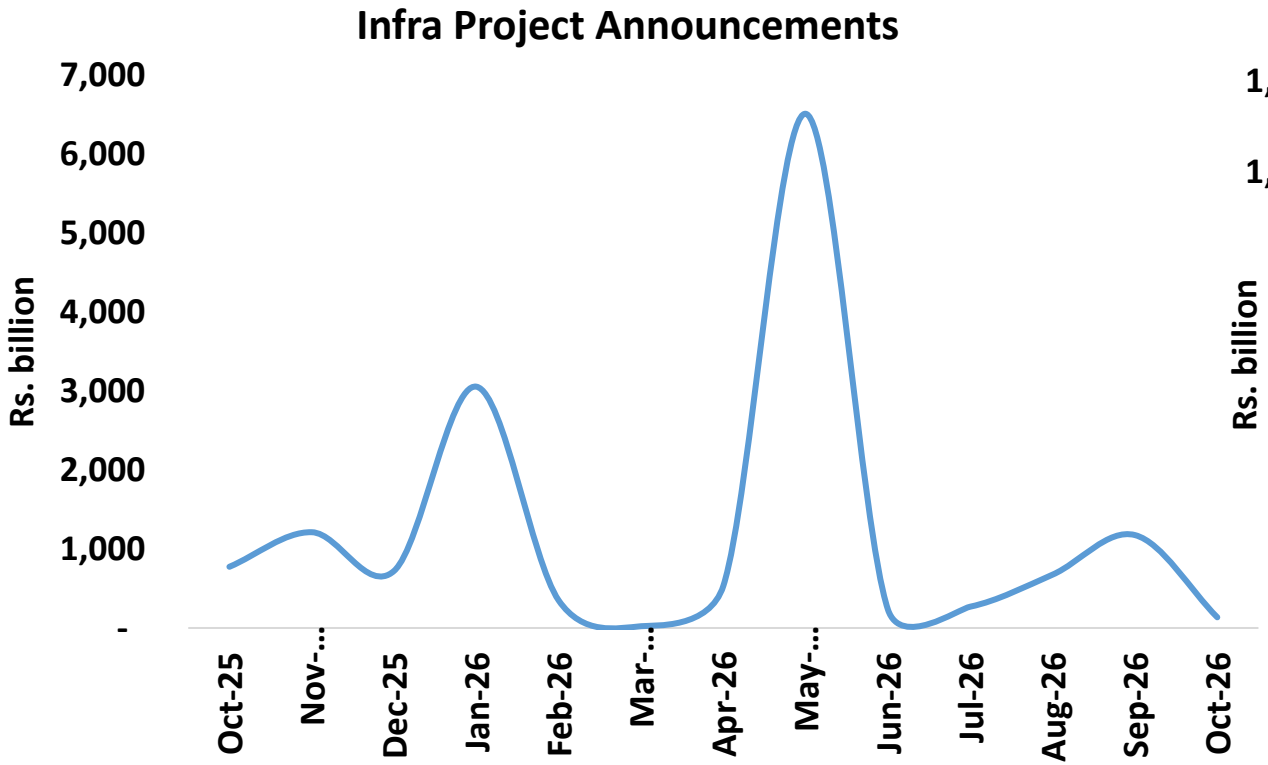


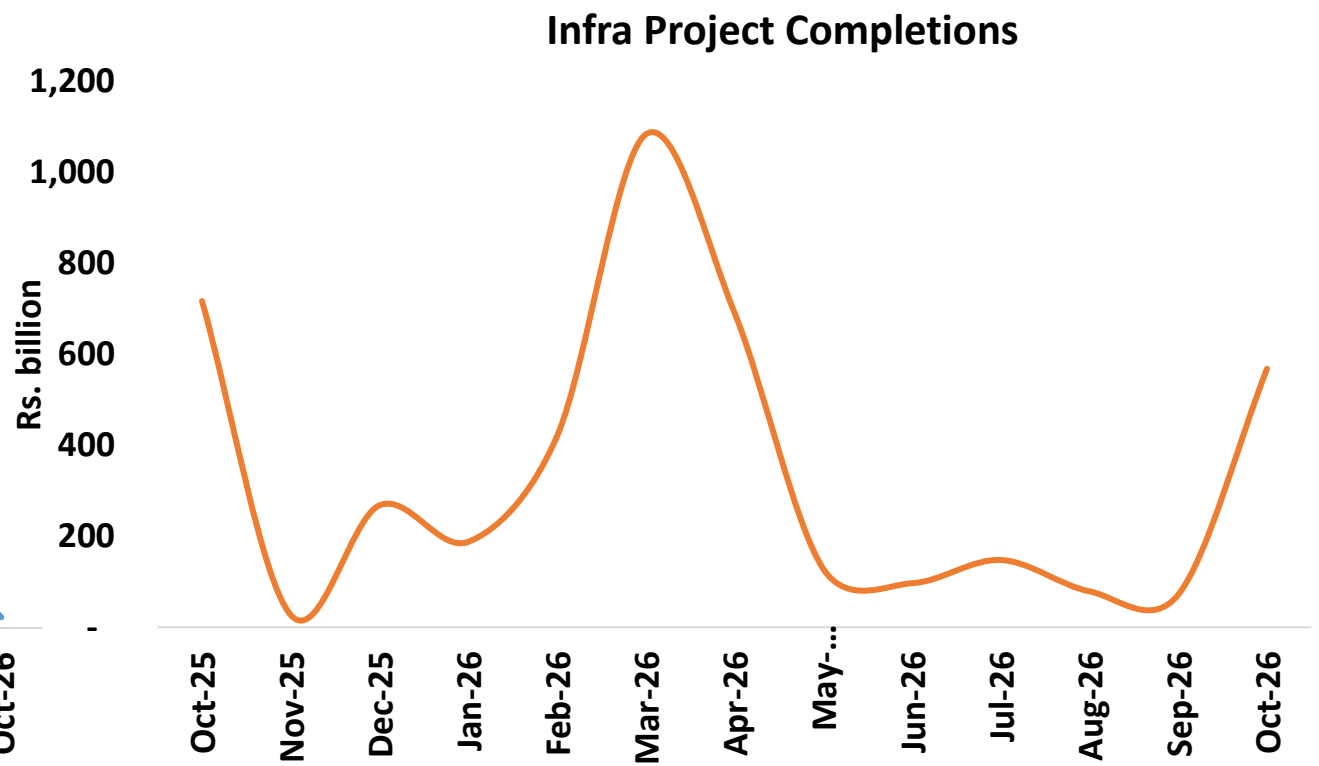


Source: CMIE, PMI S&P Global, NaBFID Economist

Infrastructure Activity in Oct'26: Project Announcements Fall Sharply, while Completions Rebound

- As per the Centre for Monitoring Indian Economy (CMIE), new announcements of infrastructural capacity expansion projects were Rs. 135 billion in Oct'26 as against Rs. 776 billion in Oct'25 and as against Rs. 1,177 billion in Sep'26.
- New completions of infrastructural capacity expansion projects were Rs. 569 billion in Oct'26 from Rs. 717 billion in Oct'25 and Rs. 72 billion in Sep'26.

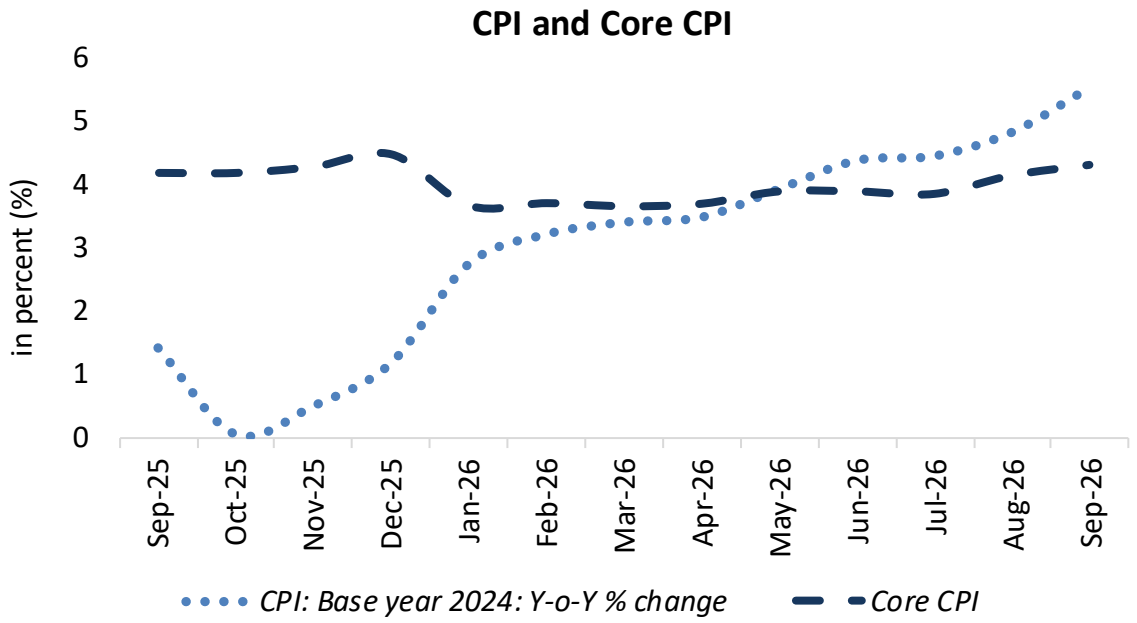


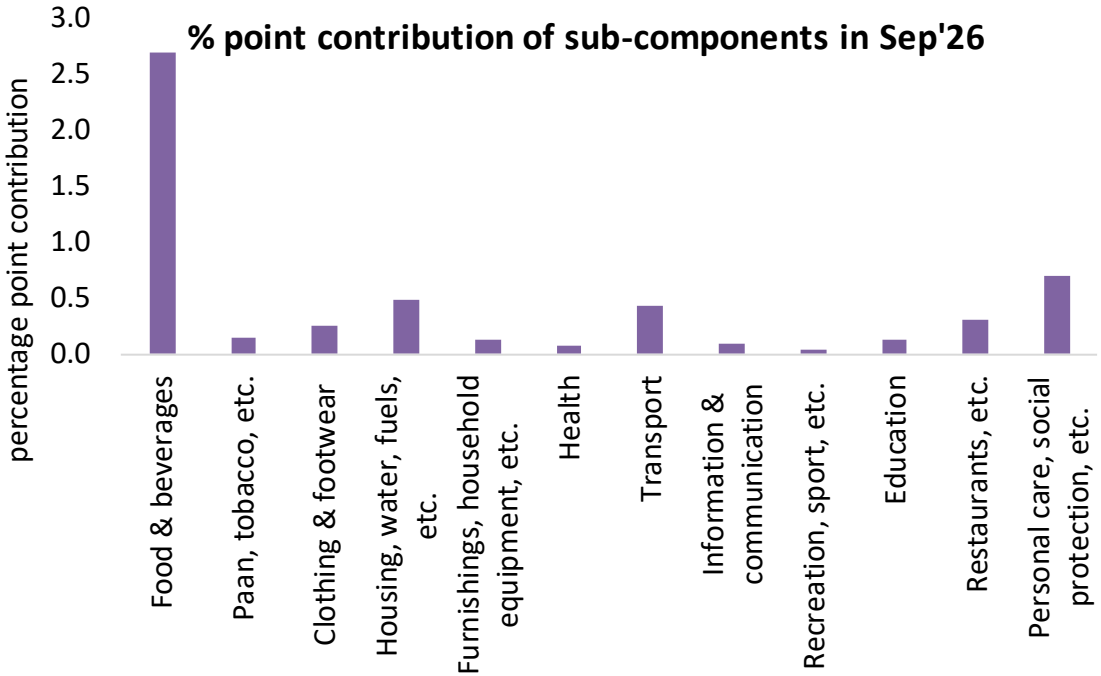


Source: CMIE, NaBFID Industry Research

CPI Inflation rises to 5.54% in Sep'26; Core inflation continues to breach 4% mark

- Headline CPI inflation surged to 5.54% (y/y) in Sep'26, an increase of 71 bps from 4.83% (y/y) in Aug'26. Out of total 71 bps rise in headline inflation on a sequential basis, ~ 60 bps was contributed by the food segment.
- Onion, silver jewellery, ginger, garlic and lemon remained the top five items in the given order with the highest (y-o-y) inflation in Sep'26. Meanwhile, potato, tomato, motor car and jeep, ladyfinger and coconut recorded deflation among sub-groups in the given order.
- Amongst the sub-components, food and beverages, personal care, housing, water, other fuels, transport and restaurant & accommodation services contributed ~84% to the total CPI inflation in Sep'26
- Core CPI in Sep'26 came in at 4.33% (y/y). It stood at 4.16% (y/y) in Aug'26, increasing by 17 bps compared to the previous month. Core inflation continued to breach the 4% target for the 2nd month in a row under the new series



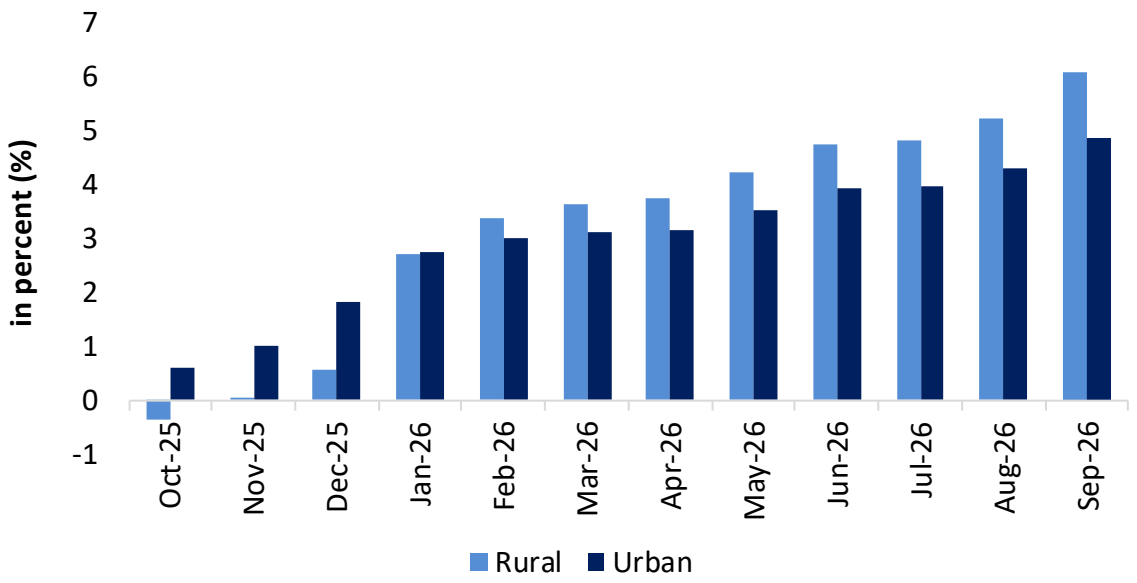


Source: MoSPI, CMIE, NaBFID Economist

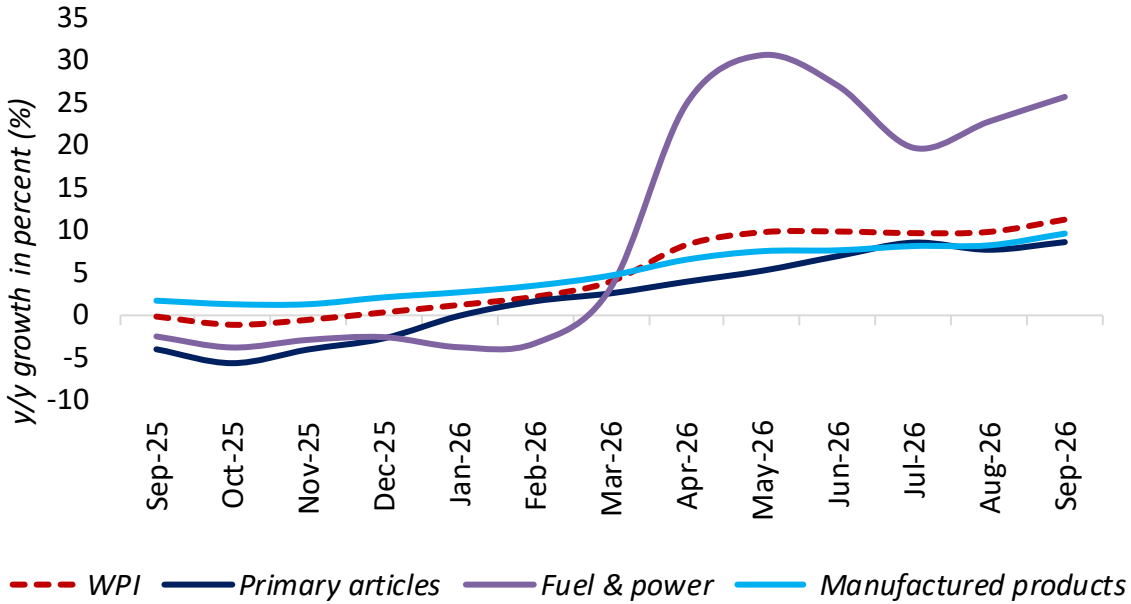
WPI inflation edges to a 47-month high of 11.4% in Sep'26, driven by fuel and power group

- Rural inflation (6.08%) continued to surpass urban inflation (4.88%) for the 8th straight month in Sep'26 primarily due to higher rural food inflation (8.06%) versus (7.18%) in urban areas.
- Wholesale prices surged to a 47-month high of 11.4 % in Sep'26, up from 9.9 % in Aug'26. The renewed escalation in West Asia spread beyond the energy basket, feeding into manufactured goods. The fuel and power group remained the main engine of the inflation rising to 25.9 % from 22.9 % in Aug'26.
- The Indian crude basket, which averaged USD 90.2 per barrel in Aug'26, climbed to USD 116.6 per barrel in Sep'26 as the conflict intensified. Consequently, inflation in crude petroleum & natural gas accelerated to 57.3% from 34.4% in the previous month. Going ahead, a low base and the lingering effects of deficient rainfall are also likely to keep primary articles inflation elevated, while higher input costs continue to filter through manufactured goods.

CPI Rural vs Urban



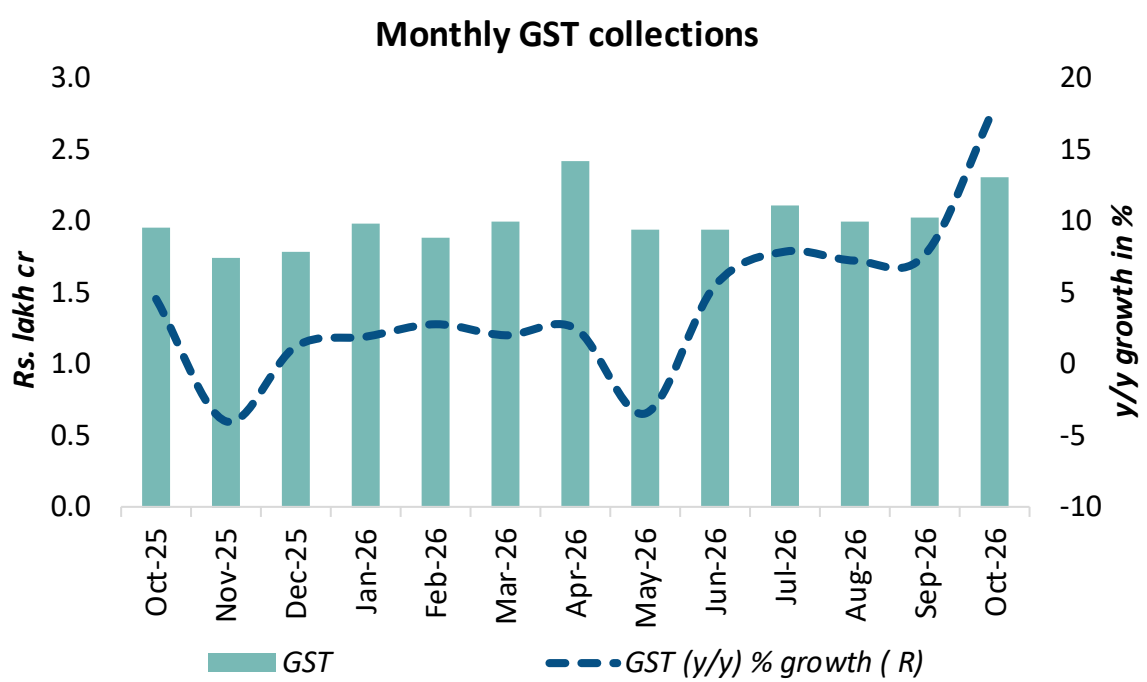
WPI Based Inflation

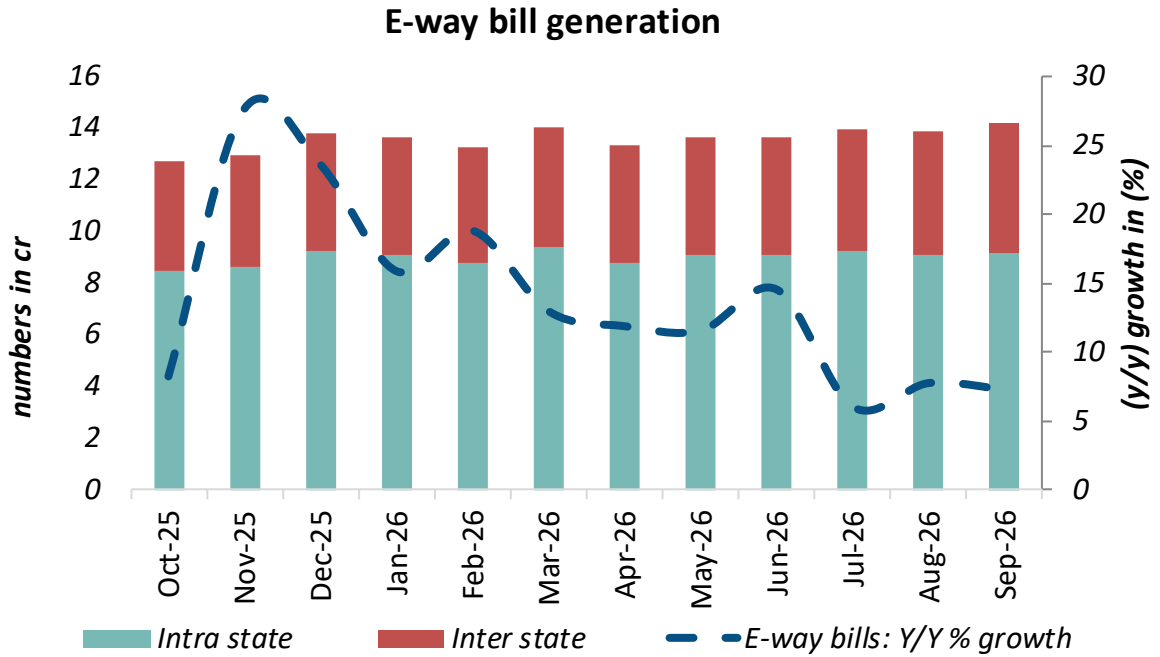


Source: CMIE, NaBFID Economist

GST collections clock fastest pace of growth since overhaul last year; E-Way bills growth at 7.2% in Sep'26

- India's Goods and Services Tax (GST) collections stood at Rs.2.3 lakh cr in Oct'26, rising 23% (y/y). This marked the fastest pace of growth since the GST overhaul a year ago and represented the second-highest monthly collection on record.
- The Rs.2.3 lakh cr revenue collected in Oct'26 showed a sequential improvement from the Rs.2 lakh cr collected in Sep'26. Strong GST collections as an indicator of a robust economy, noting that public capital expenditure continues to serve as a key economic growth driver while maintaining fiscal consolidation.
- Total e-way bills generated in Sep'26 stood at ~14.2 cr, registering a (y/y) growth of 7.2%. This is lower than the 21% (y/y) growth delivered over the same period last year, and 7.7% (y/y) growth clocked in Aug'26 .



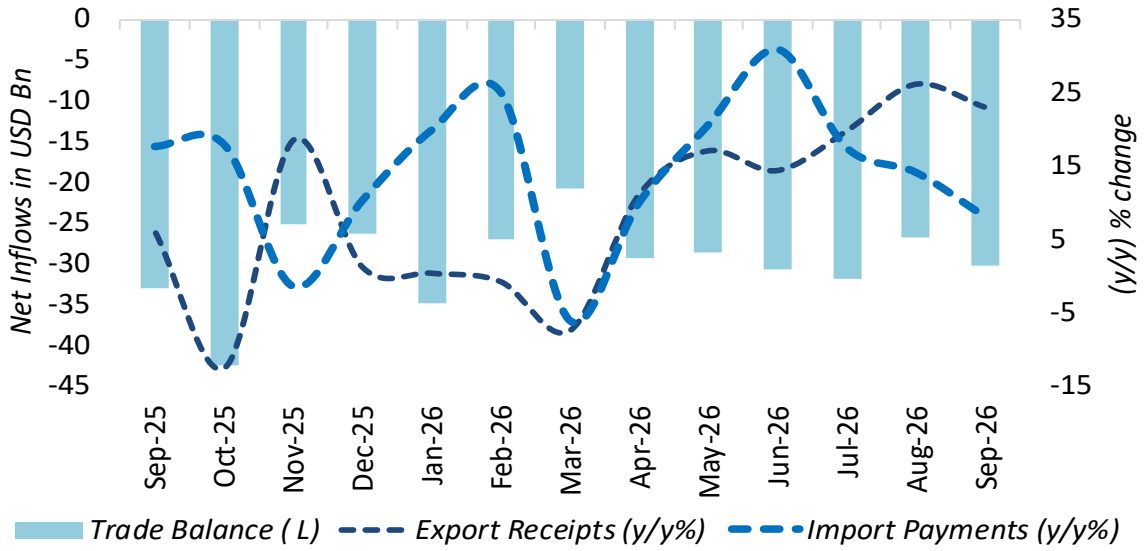


Source: CMIE, NaBFID Economist

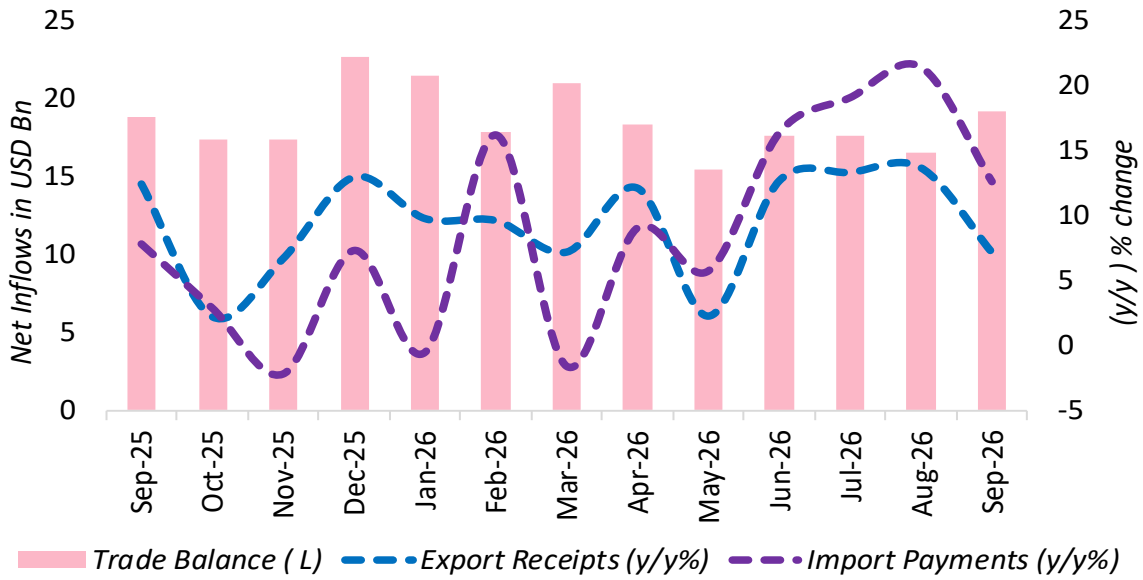
India's merchandise exports rise by 23%; POL exports up by 32%, Non-POL exports grew by 22% in Sep'26

- India's merchandise exports rose by 23% (y/y) to USD 44.4 bn in Sep'26, compared to a 5.9 % growth registered in the year-ago month. Petroleum, oil, and lubricants (POL) exports grew by 31.9 % to USD 6.2 bn, while non-POL exports increased by 21.7 % to USD 38.2 bn.
- India's merchandise imports rose by 8% (y/y) to USD 74.6 bn in Sep'26, led by POL imports, which grew by 30.8% (y/y). Non-POL imports grew by 2.2% (y/y).
- In the case of petroleum products, India has increased imports from the US while reducing its dependence on West Asian countries since the peak of the West Asia crisis. The shift towards US supplies could raise import costs due to longer shipping distances and higher freight charges. This, alongside elevated global prices, is likely to keep the petroleum products import bill high.
- In Sep'26, net services surplus increased to USD 19.2 bn compared to USD 16.5 bn observed in the previous month. It stood upwards from the past twelve-month average of USD 18.3 bn observed from Aug'25 – Aug'26. Import payments growth at 13% (y/y) outpaced export receipts growth at 7.2% (y/y) in Sep'26.

Merchandise trade



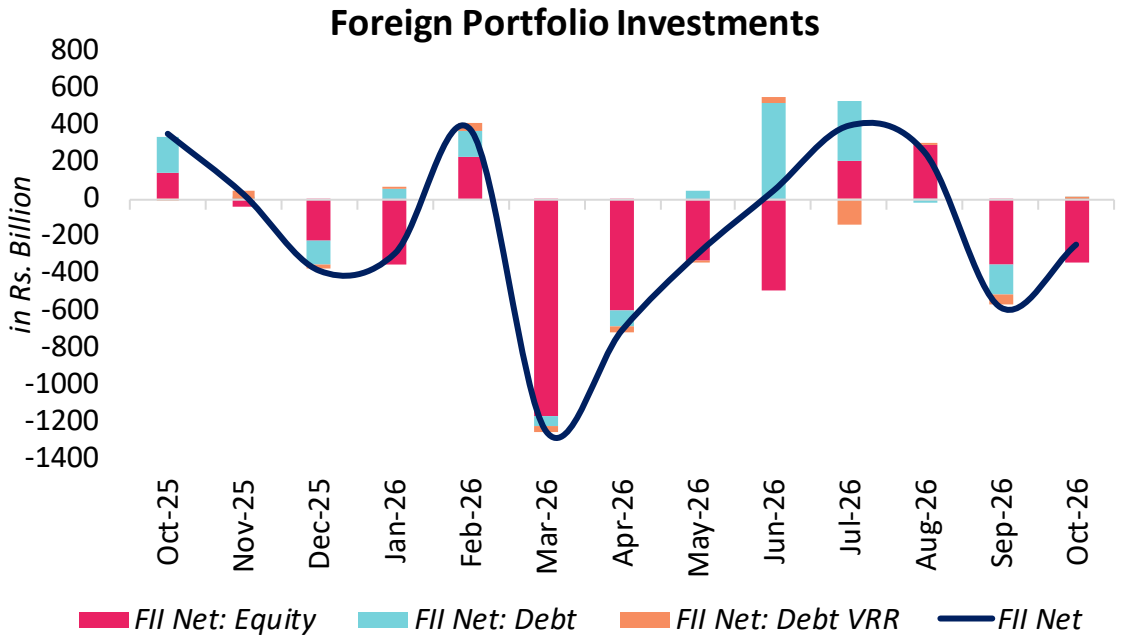
Services trade

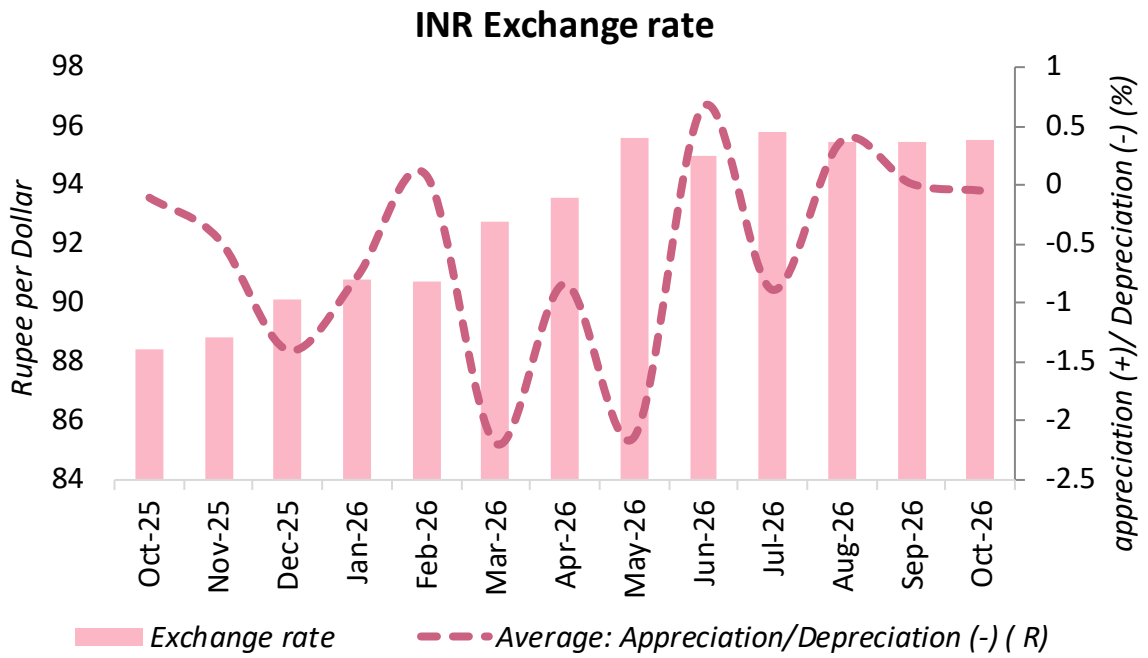


Source: CMIE, dgciskol NaBFID Economist

INR remained steady at 95.2 in Oct'26; FPIs continue to be net sellers in Oct'26 consecutively for the 2nd month

- FPIs offloaded Rs 245 bn from India in Oct'26, marking the second consecutive month of selling pressure. . Net FPI withdrawals from Indian equities reached Rs 348 bn in Oct'26, though investors turned net buyers during the final two weeks of the month.
- Despite the broad sell-off, the IT sector witnessed selective positive inflows during the month. During the first fortnight of Oct'26, IT stocks attracted USD 273 million in FPI investments, driven by a rotation of global capital away from AI-sensitive North Asian markets, even as FPIs pulled out of all other sectors.
- In Oct'26, the Indian Rupee traded between Rs.95.03 and Rs.96.45 per US Dollar. As of late October 2026, the rupee stood at around Rs.95.2 per US Dollar, depreciating by 0.05 % (m/m). During the first nine days of October 2026, the rupee had weakened. However, measures introduced by RBI led to curb in speculation in the foreign exchange market, leading to an appreciation of the currency to Rs.95.03 per US Dollar by October 14, 2026.

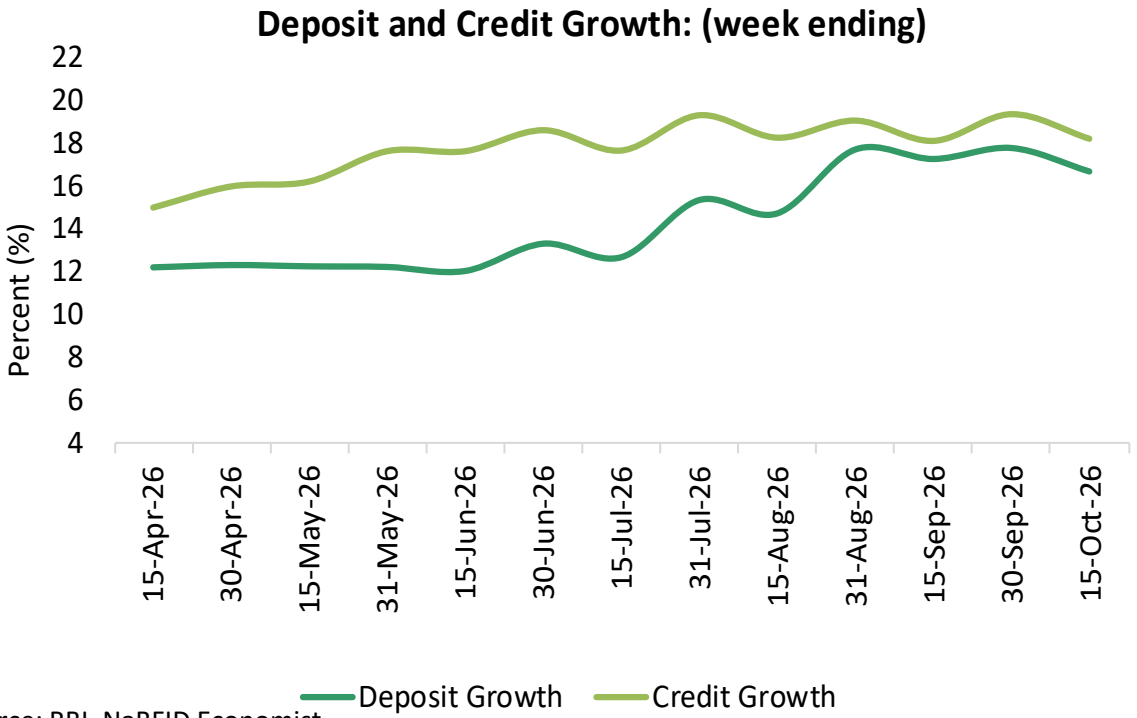


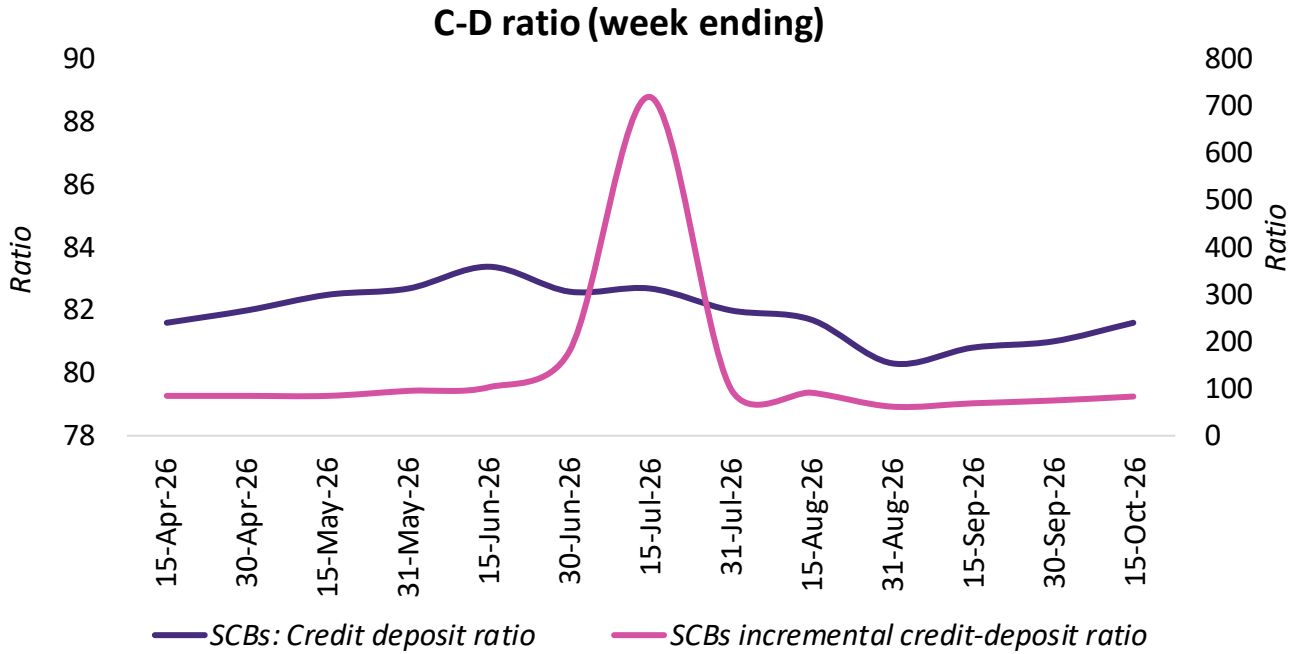


Source: NSDL ,CMIE, RBI, NaBFID Economist

Bank credit growth continues to outpace deposits as of Oct'26, C-D ratio increases to 81.6

- Bank credit growth at 18.23% (y/y) continued to outpace deposit growth at 16.7% (y/y) in the week ending Oct 15th, 2026. However, the gap between credit and deposit growth came down significantly from the high of 563 bps as of 15th Jun'26 to 151 bps as of 15th Oct'26. On a fortnightly basis as well, the gap between the credit and deposit growth narrowed slightly from 155 bps as of 30th Sep'26 to 151 bps as of 15th Oct'26.
- India's credit-deposit (CD) ratio stood at 81.6 as of 15th Oct 26, slightly up from 81 as of 30th Sep'26. A high CD ratio overall reflects that the banking system is lending out a bigger proportion of its deposits. Given that deposit mobilization is itself growing slower than credit disbursement, a higher ratio explains sustenance of strong loan demand.

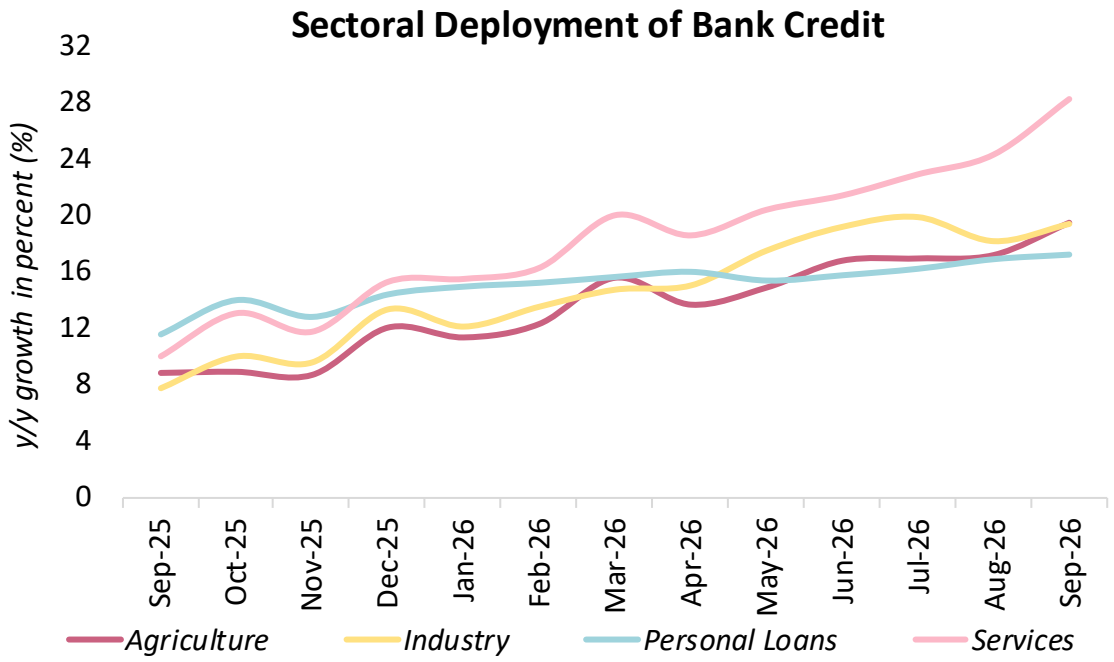


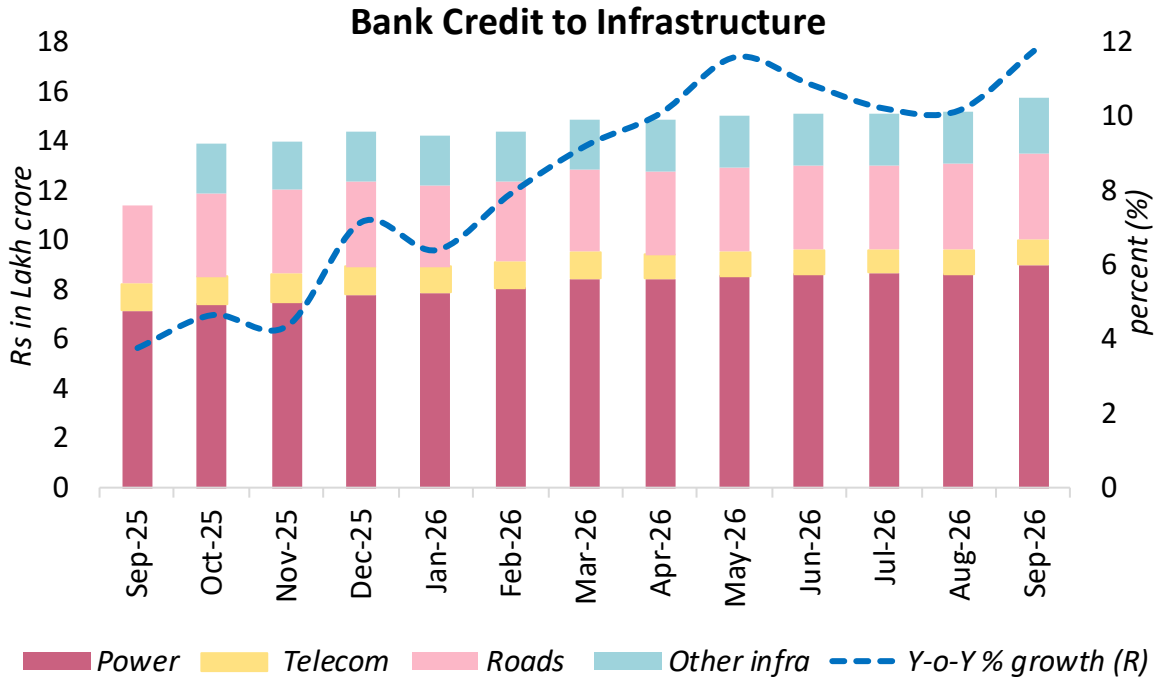


Source: RBI, NaBFID Economist

Total outstanding bank credit to infrastructure stood at ~Rs 15.8 lakh cr in Sep'26; delivers ~12% (y/y) growth

- In Sep'26, resilient credit demand was observed across all the four broad sectors of the economy as credit growth in all sectors exceeded their past twelve-month average growth rate, exhibiting robustness.
- On a (y/y) basis, the credit demand for agriculture stood at 19.5% in Sep'26, compared to 8.9% in the year-ago period. Credit demand for industry stood at 19.5% in Sep'26 compared to 7.7% in the year-ago period. Personal loan demand grew at 17.2% in Sep'26 compared to 11.5% in the year-ago period. Meanwhile, services credit demand grew by 28.3% vis-a-vis 9.9% in the year-ago period.
- Bank credit to infra stood at Rs 15.75 lakh cr in Sep'26, delivering ~11.79% (y/y) growth. Credit to power, roads, and telecommunications stood at Rs. 9 lakh cr, Rs. 3.5 lakh cr and Rs. 0.99 lakh cr, respectively.

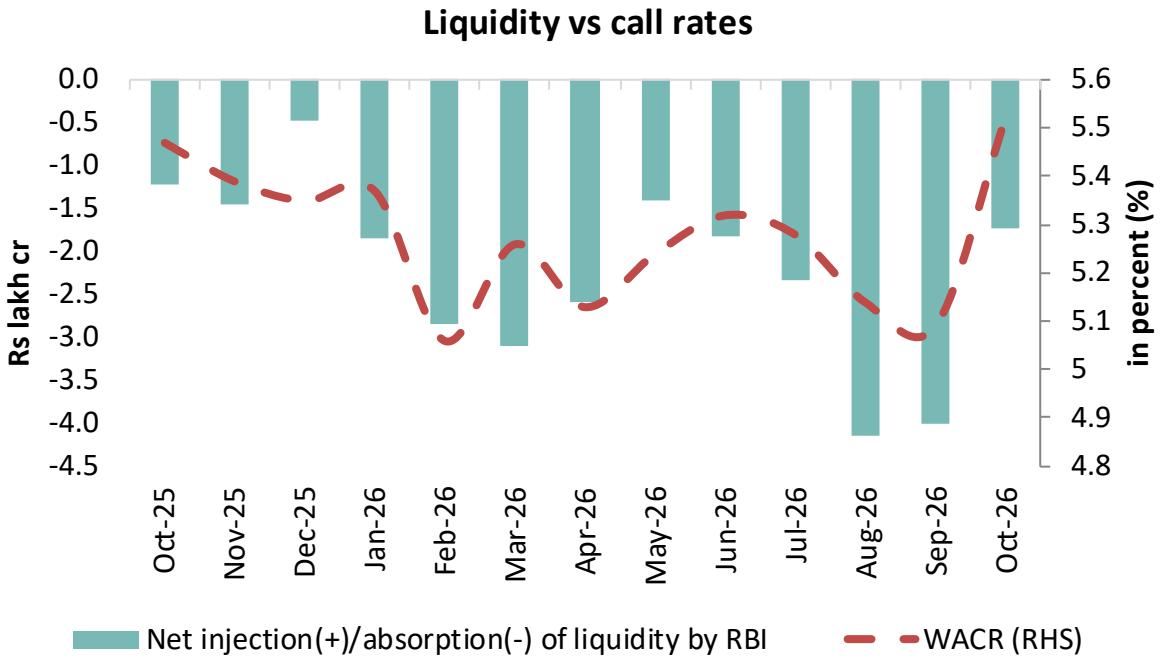


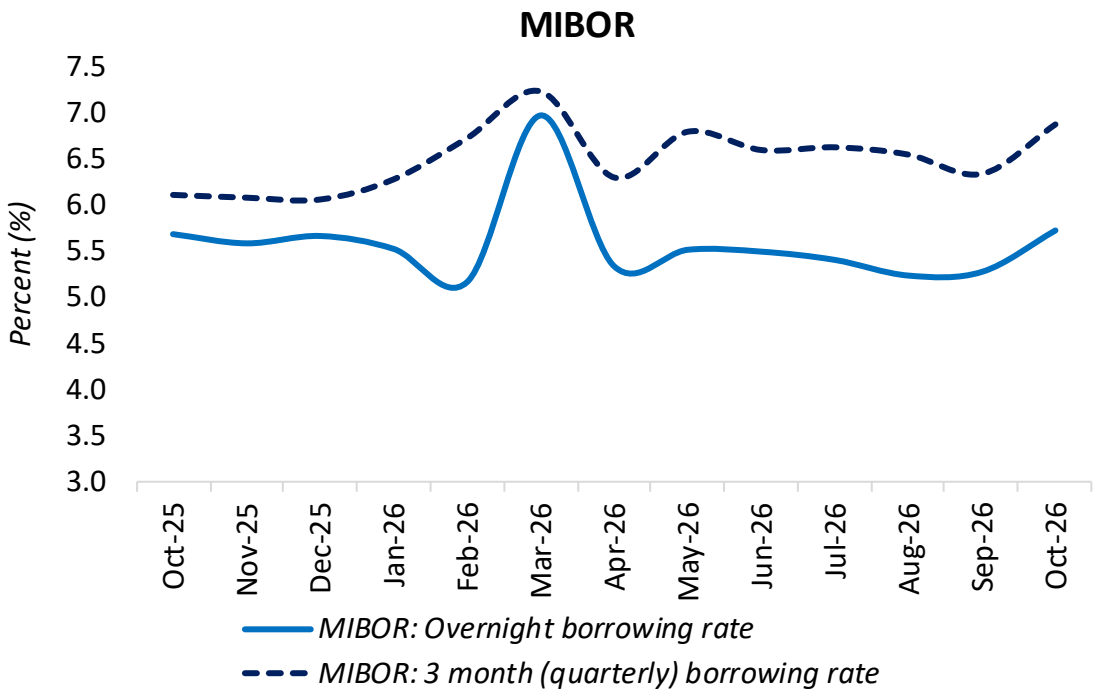


Source: RBI, NaBFID Economist

Liquidity surplus narrows further; overnight and 3-month MIBOR rises in Oct'26

- Net liquidity surplus in Oct'26 stood at ~Rs 1.74 lakh cr, sequentially down from Rs 4 lakh cr in the previous month. The weighted average call money rate increased to 5.52% in Oct'26 from 5.09% in Sep'26, further higher than the 5.47% in the same period of the previous year.
- The differential between overnight borrowing rate and three month quarterly borrowing rate increased to 116 bps in Oct'26 from 107 bps in previous month.
- An increase was observed across overnight MIBOR in Oct'26 at 5.73% compared to 5.28% in Sep'26, implying an increase of 45 bps from Sep'26. The 3 month borrowing rate too witnessed an increase of 54 bps to 6.89% in Oct'26 from 6.35% in Sep'26 . A slower increase in overnight MIBOR compared to 3-month MIBOR implies a steepening of the short-term money market yield curve. This divergence captures a disconnect between adequate, immediate liquidity in the very near term and intensifying hawkish expectations or risk premiums in the three month ahead period.





Source: CMIE, NaBFID Economist

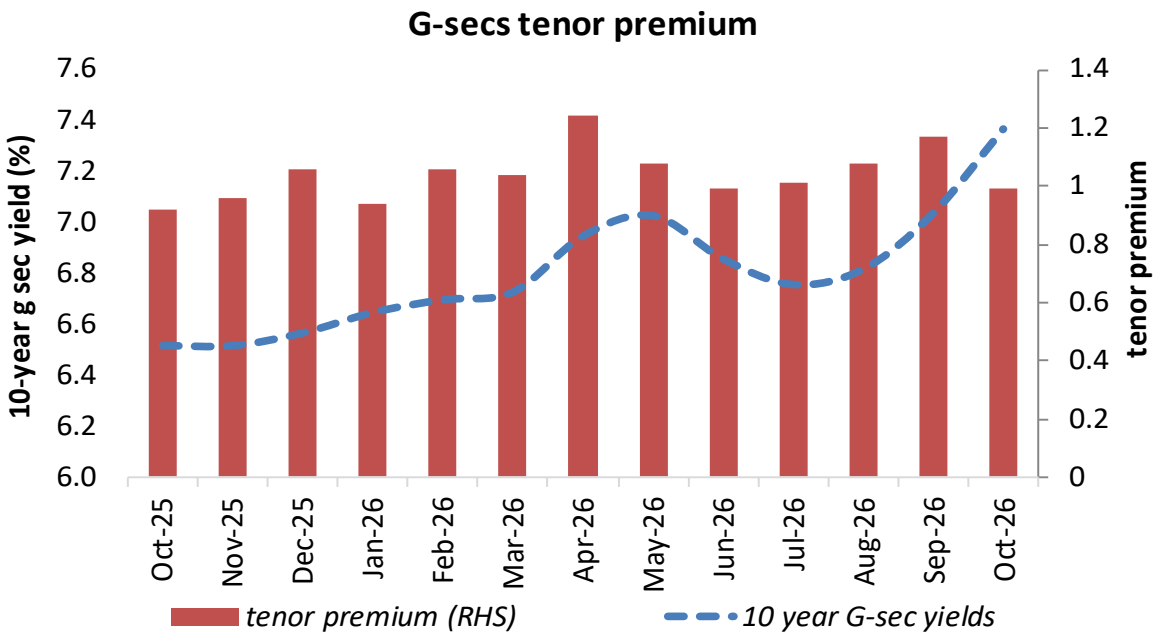
MPC Minutes for October 2026 review: RBI hikes repo rate by 25 bps; stance changed to 'calibrated tightening'

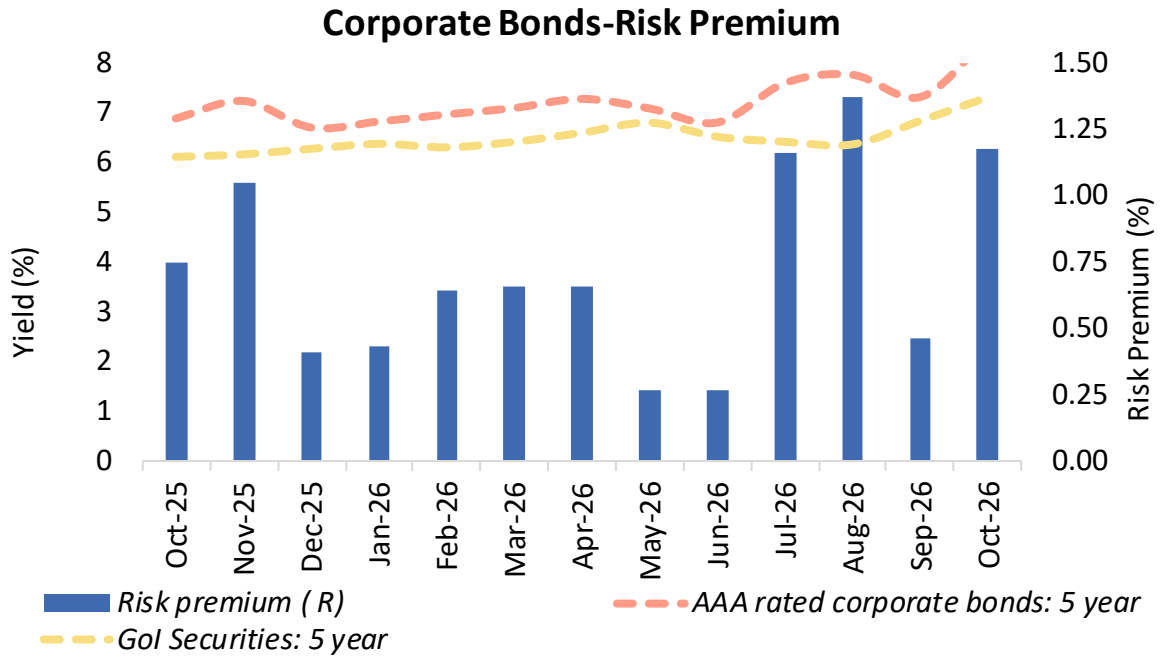
Member	Rationale	Policy Choice
Dr. Nagesh Kumar	• The inflationary outlook remains challenging due to deficient monsoon, rising crude oil prices, precious metals prices remaining at elevated levels, and exchange rate depreciation, leading to a revision of the forecast for headline inflation for 2026-27 by 20 bps. Keeping in mind the need to manage the inflationary outlook, a 25- basis-point increase in the repo rate is appropriate.	Rate hike by 25 bps, continuance of 'neutral' stance
Mr. Saugata Bhattacharya	• The magnitude and pace of monetary policy adjustment needs to be carefully calibrated to balance the multiple trade-offs from these actions – inflation vs growth, credit vs deposits, domestic vs external and more. A data dependent approach is best to deal with the broad range of possible outcomes in this uncertain economic environment. Given the upside risks to inflation, it is appropriate to hike the repo rate by 25 bps and change the stance to calibrated tightening.	Rate hike by 25 bps and change of stance to 'calibrated tightening'
Prof Ram Singh	• Domestic inflation and its near-term trajectory suggest inflation has generalised beyond the direct effects. To realign the inflation trajectory towards the target, and from the real repo rate perspective, a calibrated increase in the repo rate is needed. However, continuance of neutral stance is warranted as shifting the stance to tightening mode, can neutralise the benefits of growth-supportive monetary and fiscal policies in the recent past.	Rate hike by 25 bps, continuance of 'neutral' stance
Shri Indranil Bhattacharyya	• The momentum of underlying inflation is high as evident from the weighted median and trimmed mean measures in recent months. Latest survey findings suggests that inflation expectations are significantly higher in both the urban and rural areas. There is increasing evidence of pass-through of input cost pressures in certain segments such as restaurants and cooked meals.	Rate hike by 25 bps and change of stance to 'calibrated tightening'
Dr. Poonam Gupta	• Domestically, weather-related adversities and global oil and commodity prices may continue to put upward pressure on headline inflation. At some point, a larger pass-through of input costs to output prices may materialise. Under these circumstances, it is conceivable that a further increase in the policy rate might be needed to keep inflation low and inflationary expectations anchored. The pace, extent, and duration of such actions would depend on the incoming data on inflation, its diffusion, and evidence of second-round effects.	Rate hike by 25 bps and change of stance to 'calibrated tightening'
Shri Sanjay Malhotra	• Monetary policy primarily acts by curtailing second round effects (wage expectations and firm level pricing behaviour) of a supply shock. It is difficult to distinguish between the second-round effects and the indirect impact of supply side pressures (in production cost through energy and other inputs) as both are present in core inflation. Similarly, there are risks of demand side pressures in view of the growth in monetary and credit aggregates. Considering the above growth-inflation dynamics, it is appropriate to recalibrate policy rate	Rate hike by 25 bps and change of stance to 'calibrated tightening'

Source: Reserve Bank of India, NaBFID Economist

10-year bond yields surge to 7.37% in Oct'26 ; corporate risk premium rises to 118 bps in Oct'26

- Government bond yields increased in Oct'26 across all tenors. Yield on benchmark 10-year G-secs increased by 33 bps to 7.37% in Oct'26 from 7.04% in Sep'26. Despite the broad-based hardening of bond yields, tenor premium narrowed to 99 bps in Oct'26 from 117 bps in Sep'26, reversing the steepening trend observed since Jun'26.
- In Oct'26, the benchmark yield ranged between a low of 7.18% and a high of 7.50%. While yield on 5-year G-secs ranged between a low of 6.99% and a high of 7.38%.
- Yields on 5-year AAA rated corporate bond increased by 119 bps to 8.51% in Oct'26 from 7.32% in Sep'26. Accordingly, corporate risk premium jumped to 118 bps in Oct'26 from 46 bps in Sep'26. This happened due to sharper rise in the corporate bond yields in comparison to G-sec bond yields for the same tenure.

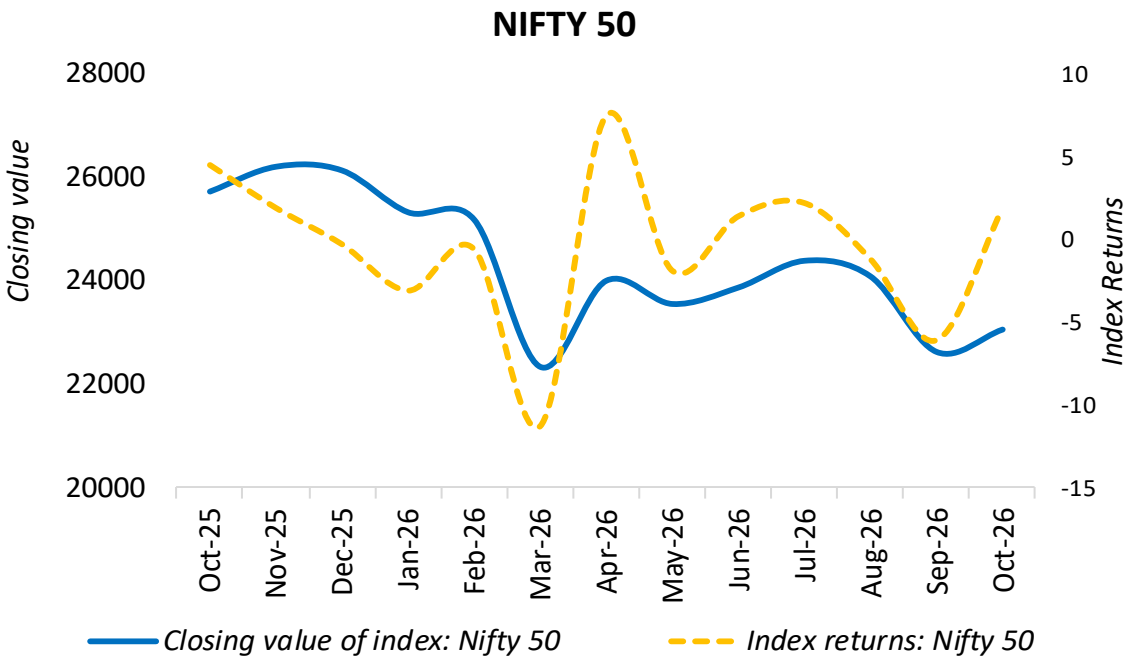


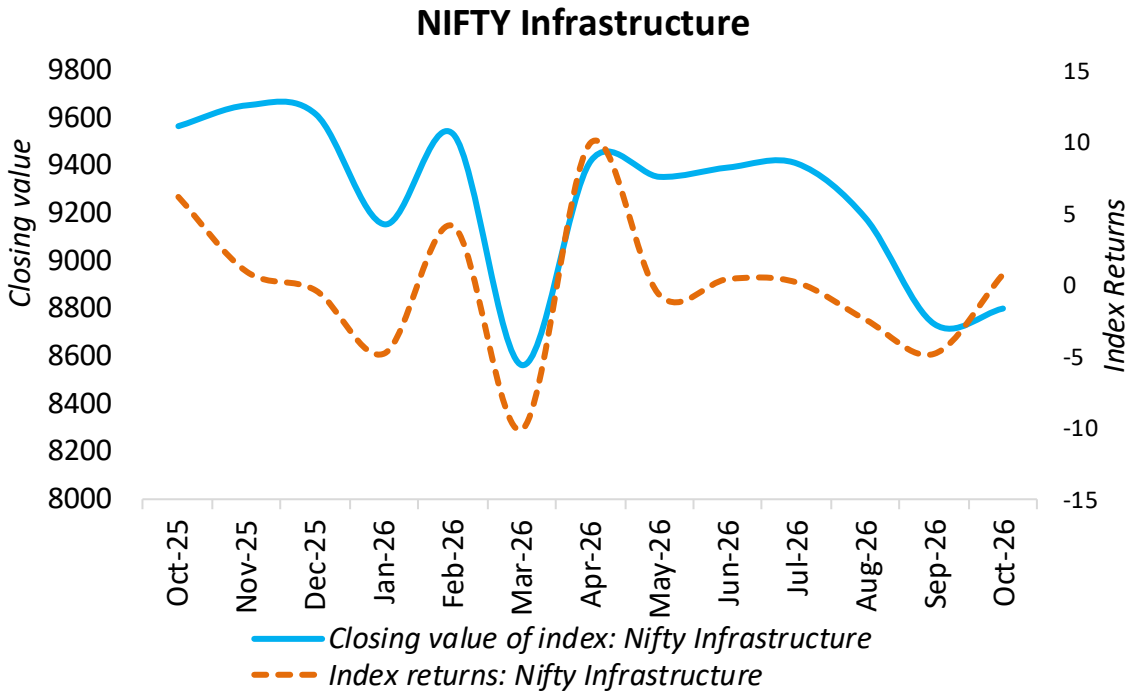


Source: CMIE, NaBFID Economist

Indian equity markets posted positive returns in Oct'26 after two consecutive months of negative returns

- The Nifty 50 exhibited significant volatility during Oct'26, before ending the month at 23,053, around 400 points higher than its Sep'26 closing level of 22,620 Consequently, the index reflected positive returns of 1.9% (m/m) in the month.
- The gains are mainly attributable to corporate earnings seasons, and the hopes of possible reduction in long-term capital gains tax supported investor sentiment towards the end of month.
- The Nifty 50 declined to an intra-month low of 22,180 on Oct 8th, 2026, before staging a strong recovery to touch an intra-month high of 23,175 on Oct 19th, 2026. The index subsequently pared some gains but closed the month firmly in positive territory.
- Similarly, NIFTY infrastructure reported a gain of 0.75% (m/m) in Oct'26 after declining of (-)4.85% (m/m) in the previous month.





Source: CMIE, NaBFID Economist

India's Textile Parks: A key pillar of manufacturing, employment and exports

Snapshot of the textile and apparel Industry in India

2% contribution to GDP

10% contribution to industrial production

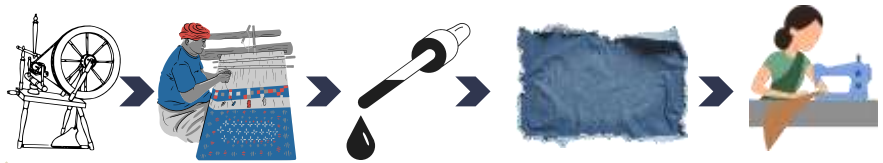
6th largest exporter globally

45 mn people employed directly

100 mn people employed indirectly

190+ export destinations

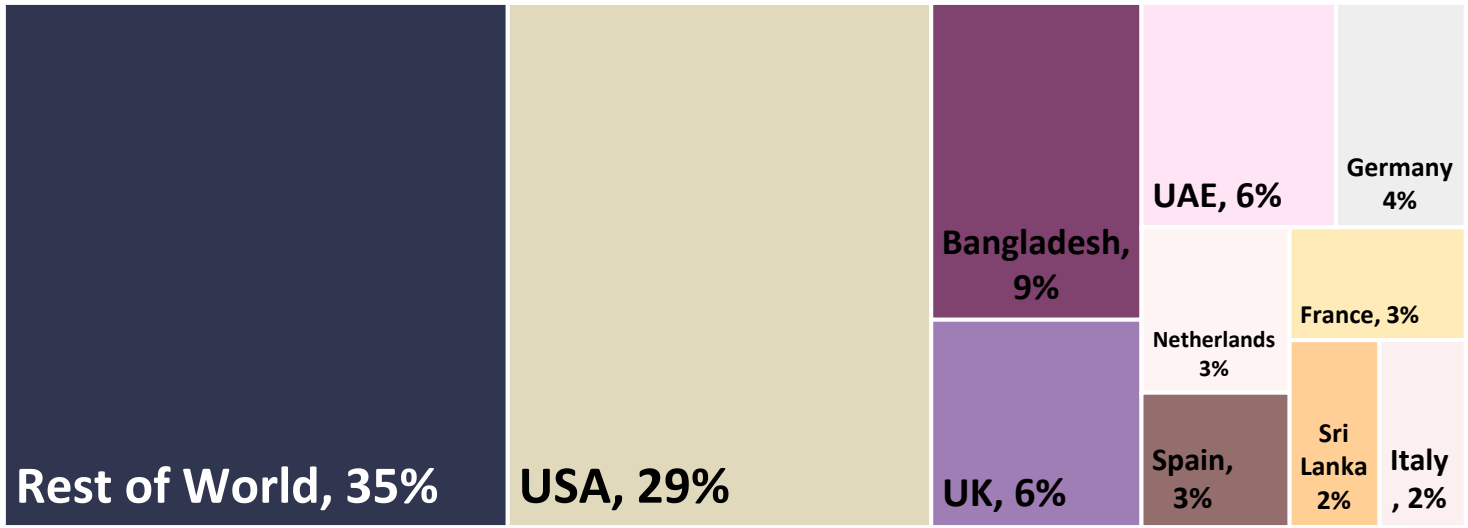
A textile park is a dedicated industrial zone that groups spinning, weaving, dyeing, processing, printing, and garment manufacturing together in one location



Tamil Nadu (21%), Gujarat (16%), Haryana (11%) and Maharashtra (11%) - contribute 60% share to India's total textile and apparel exports

India's Exports of textiles and apparel (including handicrafts) stood at $36.8 bn in FY26, recording a CAGR of 3.1% during the period FY21 to FY26.

Country-wise share of textile and apparel exports to countries

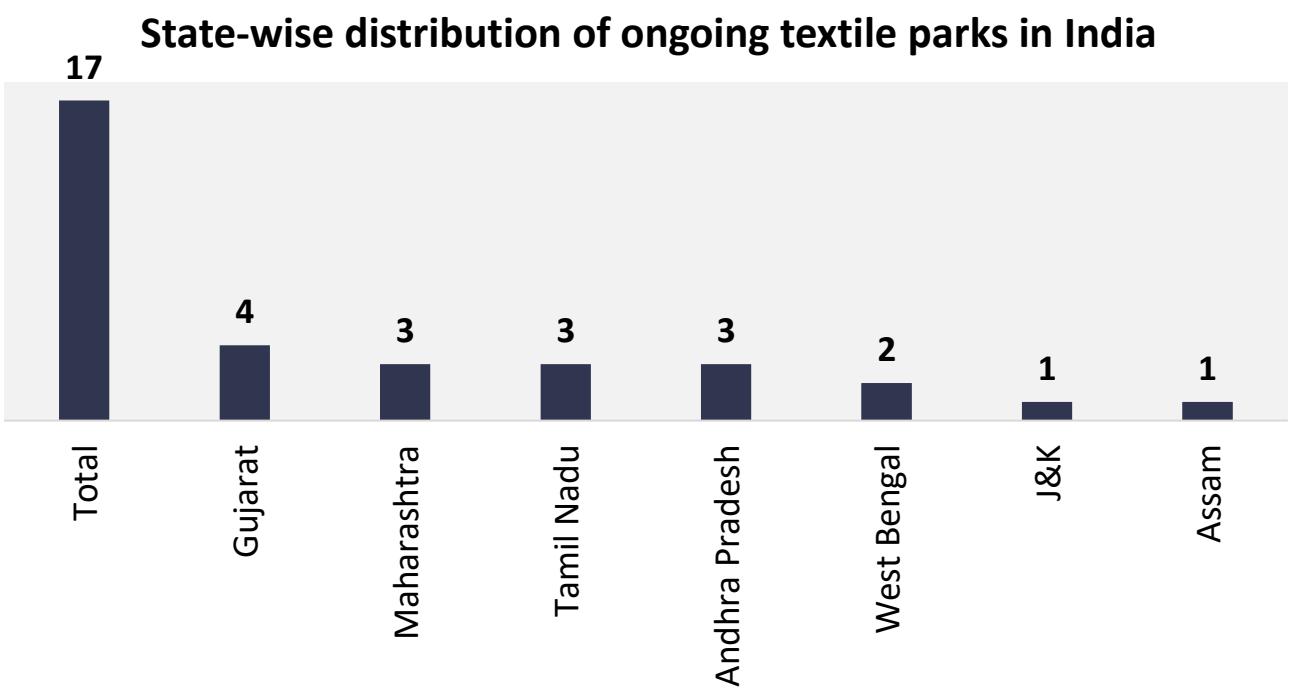


Source: Annual Report 2025-26 by Misitry of Textiles link NaBFID Economist

India's Textile Parks: Existing landscape and upcoming pipeline

- Under the Scheme for Integrated Textile Park (SITP) scheme, 50 projects have been sanctioned of which a total of 33 projects have successfully been completed so far. As depicted below, Maharashtra and Gujarat have the highest number of completed parks at 9 each whereas Karnataka, Himachal Pradesh and Andhra Pradesh have 1 completed textile park each.
- Out of the 17 parks under implementation, Gujarat has the highest number of ongoing projects at 4, followed by Maharashtra, Tamil Nadu, Andhra Pradesh and West Bengal. Jammu & Kashmir and Assam have one ongoing project each.
- The SITP was implemented with a view to increasing investments, generating employment opportunities and boosting exports in the textile sector to provide support for setting up textile parks with world-class, state-of-the-art infrastructure in textile hubs across the country.

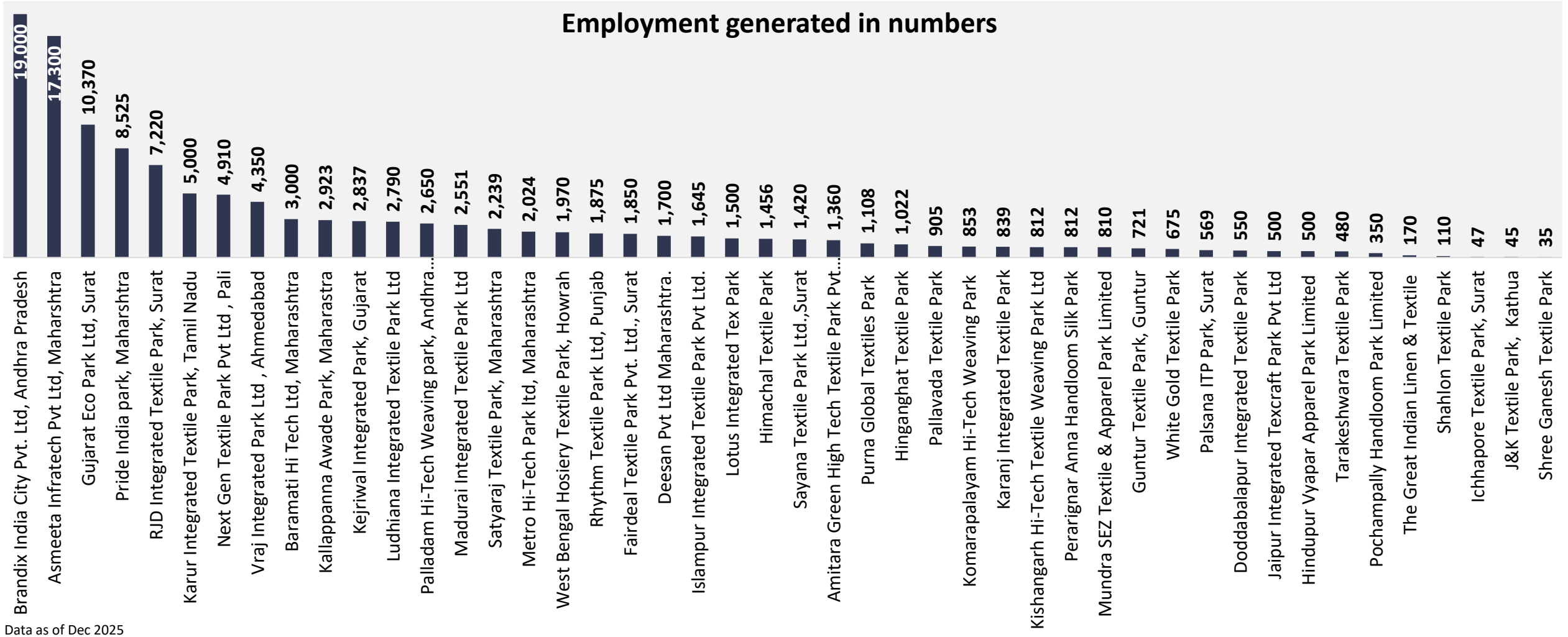




Data as of 31st May 2026
Source: Lok Sabha, starred question no. ***39** to be answered on **21.07.2026** link , NaBFID Economist

Employment generation : The impact of completed textile parks in India

- *The Scheme for Integrated Textile Park (SITP) was in implementation upto 31.03.2021; however, it has now been subsumed under the umbrella Scheme of Textile Cluster Development Scheme (TCDS) for completing ongoing projects only.*
- *As on 31st December 2025, the scheme has generated direct employment of 1,24,378 people, with the project-wise distribution depicted below.*

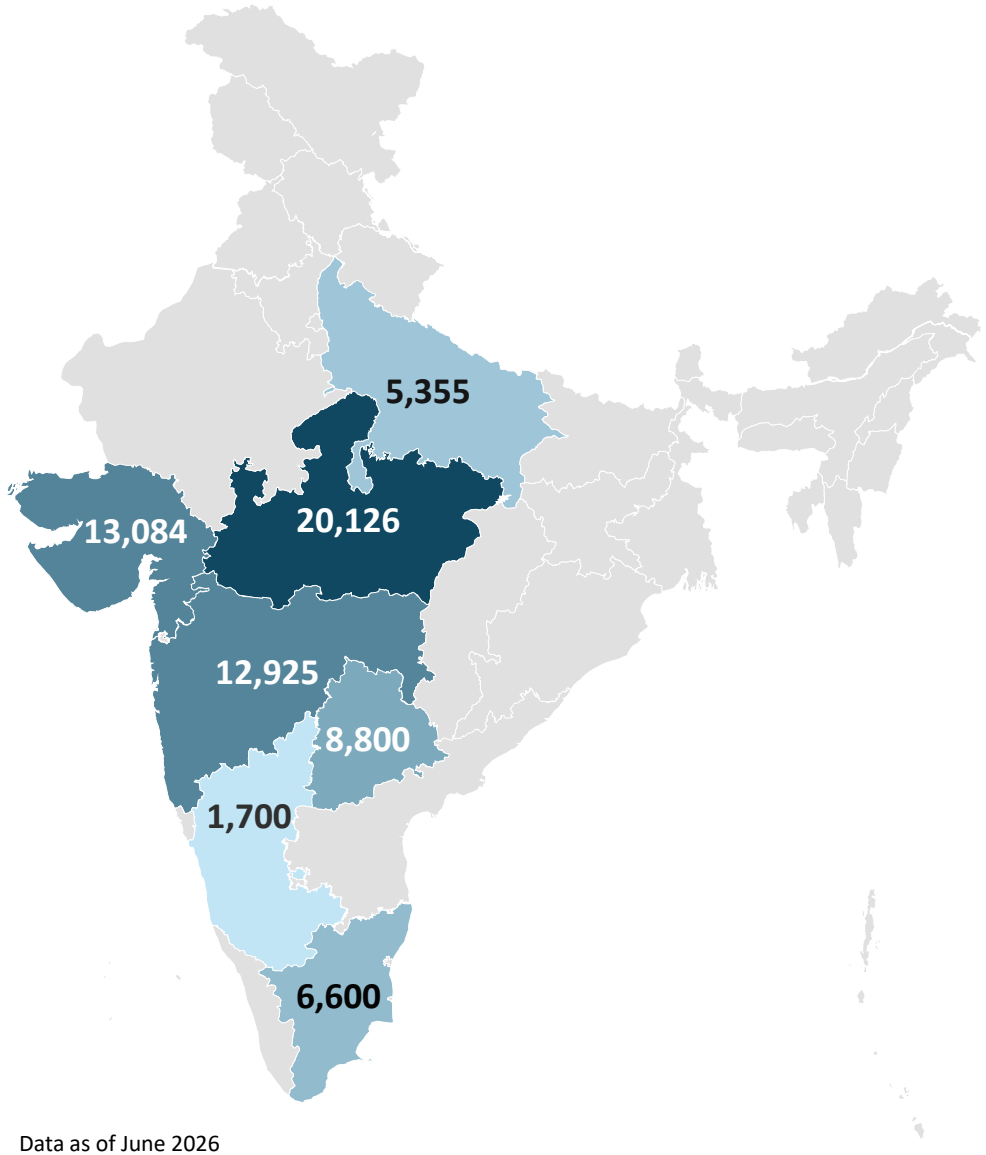


Data as of Dec 2025

Source: Lok Sabha, starred question no. ***233** to be answered on **16.12.2025** link , NaBFID Economist

PM MITRA: Building the next generation textile park ecosystem

Investment interest in 7 PM-MITRA Parks (Rs crore)



PM MITRA park sites	Focus Segment	Current Status (as of June 2026)
Tamil Nadu Virudhunagar	Apparel, Knitwear	177 acres of land allotted to investors; Execution of tenders worth Rs 393.69 Cr
Telangana Warangal	MMF, Technical Textiles	Park Inaugurated and Commercial production started
Gujarat Navsari	MMF, Apparel	PPPAC appraisal done for execution of project
Karnataka Kalaburagi	Apparel, Technical Textiles	Expenditure of Rs. 95.39 Cr incurred for infrastructure development till park gate
Madhya Pradesh Dhar	Cotton, MMF, Apparel	Rs 1,114 Cr worth land allotted to Investors; Expenditure of Rs. 42.38 Cr till date
Uttar Pradesh Lucknow	Handloom, Apparel	Rs 96.52 Cr expensed for infrastructure development till park gate
Maharashtra Amravati	Cotton Textiles, MMF	166 acres of land allotted to investors

- *To develop integrated large scale and modern industrial infrastructure facility for entire value-chain of the textile industry, the government has approved setting up of 7 PM mega integrated textile region and apparel (PM MITRA) parks with scheme outlay of Rs. 4,445 crore for the period 2021-22 to 2027-28. Barring Lucknow, all the projects are greenfield in nature.*
- *This marks the first time since independence that such mega textile parks have been introduced, each spanning 1,000 acres of unencumbered land.*
- *After completion, each PM MITRA park is expected to generate approximately 3 lakh employment (1 lakh direct and 2 lakh indirect).*

Data as of June 2026

Source: PIB link, Lok Sabha, starred question no. ***39** to be answered on **21.07.2026** link , Report on Strategy for Achieving USD 100 Billion Exports by 2030 link NaBFID Economist

Learning from global success stories: Way forward for India's PM MITRA Parks

- *Industrial parks can become under-occupied and fiscally burdensome if they are developed without adequate demand assessment, connectivity and clear economic justification. Therefore, to fully unlock the potential of textile parks in terms of the employment generated and economies of scale achievable, certain characteristics of successful models globally can be replicated, customized as per India's own conditions. Some of the cross-country examples has been depicted below.*

Global examples of successful textile parks	What India can adopt?
Hawassa Industrial Park, Ethiopia	• *Common wastewater infrastructure can be developed at scale.* • *Renewable power and water recycling can be integrated into park planning.* • *Worker housing, childcare and social facilities are important to industrial park competitiveness.* • *Environmental infrastructure can help parks meet international buyers' sourcing requirements.*
China's Keqiao textile ecosystem	• *manufacturing infrastructure must be supported by a strong commercial ecosystem.* • *A park with manufacturing sheds alone may not achieve the same competitiveness as one that also offers processing, trading, warehousing, logistics and access to international buyers.*
Pho Noi Industrial Park, Vietnam	• *Common environmental infrastructure can be developed as a standalone investment opportunity within textile parks.* • *Rather than individual factories investing in separate treatment facilities, a centralised facility can achieve economies of scale and create a common service model.*
Türkiye's Organized Industrial Zones (OIZs)	• *Common utility infrastructure.* • *Professional park-level management.* • *Industry-led governance and maintenance.* • *Concentration of complementary manufacturing activities.*

Achievements of these textile parks

36.8 mn tonnes
Industrial water saved
South Korea's National Eco-Industrial Park programme

6%
Annual energy consumption reduction
Across 1200 industrial parks under South Korea's National Eco-Industrial Park programme

8,000 m^3/day
Freshwater consumption avoided
Through wastewater recycling at Hawassa Industrial Park.

38,000
Textile market vendors
In China's Keqiao textile ecosystem (2024).

54,596 tonnes
GHG emissions avoided
Across six Turkish industrial zones during 2018–20.

Source: World Bank Report May 2025 on Leveraging Eco-Industrial Parks for a Sustainable Transition of Industries link, https://www.ezhejiang.gov.cn/2025-04/03/c_1084792.htm NaBFID Economist

Infrastructure Sector Dashboard – High Frequency Indicators

Airport (y/y%)	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
Passengers handled	-0.69%	4.67%	7.05%	-2.80%	3.92%	0.50%	-4.43%	-5.29%	4.52%	-1.81%	-4.70%	-6.25%	-5.82%
Cargo handled	2.45%	-2.34%	15.66%	9.40%	8.52%	17.90%	0.38%	10.31%	10.98%	16.80%	11.30%	11.85%	12.55%
Aircraft movements	-1.53%	2.63%	5.10%	-2.83%	1.44%	-0.47%	-5.49%	-2.70%	2.01%	-4.47%	-6.69%	-2.69%	-6.36%
Aviation Turbine Fuel	-0.83%	2.06%	5.37%	0.26%	5.55%	4.00%	0.70%	-0.06%	0.95%	-0.07%	-0.61%	2.15%	0.92%

Energy (y/y%)	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
Overall installed capacity	10.65%	11.13%	11.60%	11.20%	11.64%	11.39%	12.11%	13.71%	14.04%	13.21%	12.64%	11.91%	11.58%
Thermal installed capacity	0.72%	1.05%	1.60%	1.05%	1.07%	0.38%	0.95%	3.82%	4.49%	3.90%	3.16%	2.49%	2.48%
Solar installed capacity	40.29%	41.04%	41.08%	38.77%	40.14%	40.01%	42.23%	42.88%	41.69%	39.49%	38.30%	36.47%	34.33%
Wind installed capacity	12.16%	12.33%	12.57%	13.18%	13.00%	13.47%	12.10%	10.53%	10.75%	11.16%	11.50%	11.08%	11.44%
Overall power generation	3.06%	-6.94%	-1.55%	6.26%	5.09%	2.26%	0.81%	5.49%	11.20%	11.34%	9.52%	13.23%	12.66%
Discom Dues	-9.26%	-10.20%	-15.51%	-24.24%	-13.67%	-9.63%	-13.50%	8.97%	21.32%	9.95%	6.89%	5.11%	15.45%
DAM spot power tariff	-14.48%	-31.95%	-6.86%	0.67%	-13.04%	-18.29%	-5.97%	1.09%	18.17%	33.19%	19.09%	22.00%	103.91%

Ports (y/y%)	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
Port cargo traffic	8.05%	3.07%	12.33%	8.16%	3.86%	3.23%	-1.67%	1.94%	3.90%	3.70%	5.82%	8.06%	6.28%

Railways (y/y%)	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
Railway freight traffic	3.85%	2.31%	4.24%	3.21%	2.94%	3.95%	3.02%	-0.98%	1.29%	4.01%	8.96%	5.33%	6.16%

Roads (y/y%)	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
Bitumen consumed	21.83%	-5.36%	24.89%	13.27%	-0.06%	0.21%	-6.94%	-52.20%	-52.12%	-35.18%	9.40%	19.72%	17.17%
Petrol consumed	7.94%	7.42%	2.60%	7.09%	6.12%	6.14%	7.62%	6.80%	3.38%	7.45%	9.22%	8.23%	7.95%
Diesel consumed	6.55%	-0.32%	4.78%	5.16%	3.29%	4.29%	8.06%	0.83%	1.55%	6.14%	10.02%	6.79%	5.56%
E-way bills	21.04%	8.19%	27.60%	23.55%	15.82%	18.76%	12.92%	11.83%	10.95%	14.49%	5.98%	7.71%	7.21%
FasTag collection	14.25%	9.33%	16.08%	11.18%	9.35%	4.90%	5.79%	3.28%	3.12%	6.20%	7.11%	7.87%	10.51%

Improving ← → Deteriorating

Source: NaBFID Industry Research

Macro Dashboard- High Frequency Indicators Heatmap (1)

Industrial sector (y/y%)	*Sep-25*	*Oct-25*	*Nov-25*	*Dec-25*	*Jan-26*	*Feb-26*	*Mar-26*	*Apr-26*	*May-26*	*Jun-26*	*Jul-26*	*Aug-26*	*Sep-26*
IIP	6.1	-0.89	7	6.74	4.15	4.43	3.02	4.88	4.97	8.81	7.35	7.79	6.7
-Mining	15.73	2.82	3.29	0.77	-0.5	-2.38	-2.56	-3.81	-1.39	1.56	-0.94	-4.63	-6.22
-Manufacturing	5.5	-0.71	8.81	7.72	4.64	5.67	3.96	6.08	5.16	9.53	8.17	8.61	7.56
-Electricity	3.31	-7.04	-1.6	5.91	5.6	1.9	1.19	4.64	10.35	11.32	8.71	12.33	11.25
Core industries	3.1	0.82	3.48	5.63	5.15	3.21	2.88	2.67	3.18	5.97	5.04	5.89	7.94
-Cement	5.06	5.2	15.09	13.96	11.26	9.12	4.71	8.28	8.43	9.93	12.7	11.68	9.81
-Steel	14.26	9.48	11.65	11.08	13.84	9.87	9.63	4.68	5.12	5.56	1.9	3.46	4.89
-Crude oil	-0.74	-0.82	-2.59	-5.11	-5.41	-4.83	-5.34	-3.21	-4.2	-4.24	-5.34	-3.56	-1.39
-Fertilizers	1.67	7.4	5.51	4.12	3.69	3.51	-24.56	-8.54	-0.98	-3.31	-8.05	-12.36	-11.69
-Coal	-1.08	-8.44	2.21	3.72	0.86	1.36	-3.96	-9.02	-9.48	1.41	7.57	-3.75	10.71
IIP: Capital goods	13.19	5.42	16.62	12.85	12.39	16.49	8.49	12.03	15.53	17.89	19	15.86	10.36
PMI Manufacturing (Absolute values)	57.7	59.2	56.6	55	55.4	56.9	53.9	54.7	55	54.2	53.5	52.8	55.1
PMI Services (Absolute values)	60.9	58.9	59.8	58	58.5	58.1	57.5	58.8	59.8	57.4	53.3	54.1	55.2
Outstanding no. of companies registered	10.92	11.05	11.05	11.77	12.07	12.31	12.3	12.06	11.92	11.71	11.71	11.71	

Banking sector (y/y%)	*Sep-25*	*Oct-25*	*Nov-25*	*Dec-25*	*Jan-26*	*Feb-26*	*Mar-26*	*Apr-26*	*May-26*	*Jun-26*	*Jul-26*	*Aug-26*	*Sep-26*
Bank credit	10.38	12.49	11.53	14.54	14.59	15.36	17.09	16.63	17.65	18.62	19.33	20.06	21.65
-Agriculture	8.97	8.93	8.71	12.07	11.37	12.33	15.62	13.7	14.91	16.82	16.98	17.22	19.52
-Industry	7.34	9.98	9.56	13.35	12.12	13.54	15.02	15.06	17.55	19.25	19.95	18.23	19.46
-Personal loans	11.75	13.97	12.76	14.38	14.94	15.22	16.21	16.01	15.38	15.76	16.23	16.92	17.25
-Services	10.18	13.02	11.7	15.26	15.47	16.26	19	18.58	20.41	21.43	22.94	24.35	28.32
-Retail trade	10.5	12.32	11.75	12.57	13.02	10.93	11.56	7.98	11.35	10.75	13	13.03	18.07
Deposits	9.36	10.84	10.18	12.67	10.64	11.31	16.16	13.26	12.21	13.31	15.37	17.56	19.4
-Demand deposits	17.39	22.69	16.92	27.44	17.56	19.08	36.74	25.6	10.82	15.18	19.31	14.9	23.22
-Time deposits	8.27	9.29	9.29	10.72	9.7	10.26	13.36	11.65	12.42	13.03	14.81	17.95	18.84
Credit deposit (C-D) ratio	80.2	80.2	80.5	81.8	82.3	82.4	81.4	82	82.7	82.6	82	80.3	81
WALR (weighted avg. lending rate)	8.39	8.61	8.71	8.28	8.49	8.44	8.4	8.5	8.51	8.53	8.52	8.61	8.51
WADR (weighted avg. deposit rate)	5.61	5.57	5.59	5.67	5.66	5.65	6.07	5.79	5.83	5.99	5.85	5.67	5.61
UPI volume	29.98	24.25	31.5	31.5	26.91	25.79	22.93	24.1	23.44	22.77	20.83	21.85	21.85
IMPS volume	-8.27	-13.54	-9.56	-9.56	-15.8	-16.98	-20.79	-19.31	-22.77	-21.02	-24.44	-24.58	-24.58

Improving ← → Deteriorating

Source: CMIE, NaBFID Economist

Macro Dashboard- High Frequency Indicators Heatmap (2)

Inflation (y/y%)	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
-CPI	1.41	0.04	0.49	1.17	2.74	3.21	3.4	3.48	3.93	4.38	4.45	4.83	5.54
-Core CPI	4.2	4.2	4.4	4.5	3.67	3.7	3.66	3.7	3.9	3.9	3.86	4.16	4.33
-WPI	-0.2	-1.18	-0.59	0.3	1.19	2.18	3.98	8.36	9.68	9.87	9.78	9.92	11.39

Consumer (y/y%)	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
Domestic sales: 2-wheelers	6.66	2.15	21.17	39.39	26.17	35.15	19.26	28.37	14.79	18.58	22.58	10.46	13.5
Domestic sales: 3-wheelers	5.51	5.89	21.31	17.43	30.19	29.05	21.43	32.82	31.1	26.08	33.37	22.85	15.98
Domestic sales: Passenger cars	0.82	8.45	15.87	36.64	-5.06	-3.76	6.66	32.69	28.76	15.7	37.63	23.77	19.55
Sales: Tractors	42.94	14.41	30.34	34.94	40.07	30.69	24.03	27.08	19.07	11.79	18.5	8.27	-15.46
Energy requirement	3.53	-5.82	-0.58	5.79	3.78	1	0.81	3.65	10.76	10.81	9.77	12.17	11.28
Sales: Petroleum products	7.02	-1.49	0.61	4.54	0.33	4.5	3.2	-6.46	-5.3	-3.48	2.65	-3.12	3.37
IIP: Consumer durables	4.58	-5.98	13.05	7.41	-0.25	4.23	2.41	5.64	8.01	10.25	11.99	10.47	5.97
IIP: Consumer non-durables	-0.45	-9.43	3.93	5.92	-1.21	1.56	-0.58	0.18	-0.44	5.64	-0.78	-1.07	1.36
Unemployment rate (CMIE survey)	6.28	7.5	6.5	6.91	6.71	6.69	6.63	6.68	6.85	6.63	6	6.11	3.99

Trade (y/y%)	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
India's exports	6.01	-12.5	18.58	1.15	0.38	-0.79	-7.44	14.18	18.63	15.45	19.61	26.14	23.05
India's imports	17.65	17.91	-1.49	10.26	19.85	25	-6.17	10.02	20.61	30.96	17.48	14.07	8.01
Trade Balance (net)	-32961.9	-42614.5	-25100.2	-26238.1	-34752.1	-27089.7	-20670.3	-28220.3	-27959.1	-30438.1	-31962.5	-26856.5	-30211.2
Net Inflows: Services $	18835	17440	17387	22674	21527	17837	20992	18604	15718	17894	17647	16537	19208

Logistics (y/y%)	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
GST	9.11	4.59	-3.97	1.27	1.95	2.82	2.05	2.53	-3.42	5.53	7.9	7.27	7.67

Improving ← → Deteriorating

Source: CMIE, NaBFID Economist

Thank You!

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