



INDIA REPORT

Celebrating 31 years

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LALCAP

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Bombay Sensex 30 : 5 Year Chart (closing values)



Close:	Level	Index Pts Chg-Day	% Chg YTD
4 Sep 2026			
SENSEX 30	76,515	+363	- 10.2%
NIFTY 50	23,892	+ 24	- 8.5%

Other Markets: Level & (% YTD)

ASIA: CHINA Shanghai: 3,930 (-1%)

JAPAN Nikkei 225: 65,021 (+29%)

EUROPE: UK FTSE: 10,831 (+9%)

GERMANY DAX: 26,046 (+6%)

USA: Dow Jones: 53,414 (+11%)

NASDAQ Composite: 26,507 (+14%)

GOLD: \$4,427.69 (+3%)

SILVER: \$66.19 (-7%)

BRENT OIL: 96.28 (+58%)

Indian Currency; Level & (%YTD)

INR ₹ / USD \$1= Rs94.48 (-5.0%)

INR ₹ / GBP £1= Rs127.70 (-5.5%)

INR ₹ / EUR €1= Rs109.73 (-3.9%)

⇒ **India's growth engine has changed gear with the economy growing 7.8% in the April-June quarter, easily beating the Reserve Bank of India's 7% forecast.** The headline is strong. The composition is stronger. Growth is broadening - manufacturing expanded 9.2%, services grew about 10%, household consumption rose 7.1%. Resilient exports and diversification of external markets helped. But investment stole the show, surging 11.9%, lifting Gross Fixed Capital Formation (GFCF) to 34.3% of GDP, from 31.4% a year earlier. **India is getting a useful combination of growth from consumption plus investment, rather than relying just on one engine.**

⇒ **The important story is not "India grew 7.8%." It is that the composition of growth is improving.** A sustained move from government-led capex toward private corporate investment can lift productivity, manufacturing capacity, employment and ultimately potential GDP growth. Years of public infrastructure spending are beginning to attract private capital which previously found it safer to remain on the sidelines. **Stronger corporate balance sheets, rising bank credit and new commitments in semiconductors, data centres, infrastructure and advanced manufacturing suggest a broader investment cycle is taking shape.**

⇒ **7.8% GDP is strong, but the 11.9% investment growth is arguably the more important number.** If private capex continues replacing an increasing share of the government's role as the marginal source of demand, India could be moving from a public-investment-led recovery into a self-reinforcing private-investment cycle. **That matters, and helps to insulate India better from global turbulence.**

⇒ **However, one quarter does not establish a durable private-investment cycle.** The key evidence to watch over the next 2-3 quarters is continued double-digit GFCF growth, corporate capex announcements actually becoming projects, bank-credit growth and employment/wage growth. The risks have not gone. Higher oil/commodity prices, geopolitical tensions, a weaker rupee, global trade uncertainty and inflation could squeeze margins and postpone investment. The RBI's pre-data FY27 forecast was only 6.7%, so the Q1 upside is significant. **But sustaining 7%+ growth will require the investment recovery to persist.**

⇒ **The policy implication is less comfortable.** Such robust demand gives the RBI less room to cut rates aggressively. With growth

comfortably above forecast, the case for further monetary easing weakens. If oil prices or inflation rise, rate increases could return to the table. **For now, India's story is shifting positively — from state-led stimulus towards private investment-led expansion.**

⇒ **India's latest GDP growth estimate of 7.8% has prompted debate after exceeding expectations.** Some economists question whether recent changes to the way GDP is calculated may have boosted the headline figure. Concerns also remain over employment and investment. **The government, however, maintains that the revised methodology provides a reliable picture of economic growth.**

⇒ **Indian Prime Minister Narendra Modi is testing the limits of India's influence over Russian President Vladimir Putin.** In Bishkek, the capital of Kyrgyzstan, the Central Asian country that borders China, Kazakhstan, Uzbekistan and Tajikistan, Modi delivered a blunt message: the Ukraine war must end. Not eventually. Not after another battlefield calculation. **The world needs a path from conflict to peace.**

⇒ **Modi and Putin met there during the Shanghai Cooperation Organisation (SCO) summit, held on August 31–September 1, 2026.** The SCO is a Eurasian grouping focused broadly on security, political cooperation, economic ties, connectivity and regional stability. **India has been a full member since 2017.**

⇒ **The timing is revealing.** India has preserved close ties with Moscow, buying Russian energy while maintaining deep defence and commercial links. **That gives Modi something Western leaders lack: Putin's attention. But attention is not leverage.**

⇒ **Modi can counsel Putin.** He can offer a face-saving route towards negotiations. He can position India as a bridge between Russia and the wider diplomatic world. Yet Moscow's fundamental demands remain intact, and the fighting continues. **That makes Modi's diplomacy consequential—but not decisive.**

⇒ **The next test comes on September 12–13, when Putin is due in New Delhi for the BRICS summit.** It gives Modi another opportunity to press him, privately and directly, for movement towards peace. If Moscow moves towards a ceasefire, India's quiet influence will look formidable. **If the war grinds on, Modi's access to Putin will have proved easier to obtain than Putin's agreement.**



EQUITY FOREIGN DIRECT INVESTMENT (FDI) INTO INDIA : TOP 10 COUNTRIES IN US\$ MILLIONS

source: Department for Promotion of Industrial and Internal Trade, Govt. of India (<https://dpiit.gov.in/publications/fdi-statistics>)

Rank	Country	2023-2024 (Apr 2023- Mar 2024)	2024-2025 (Apr 2024- Mar 2025)	2025-2026 (Apr 2024- Mar 2025)	CUMULATIVE INFLOWS (Apr 2000 – Mar 2026)	%age to total
1.	SINGAPORE	11,794	14,942	19,802	194,688	25 %
2.	MAURITIUS	7,970	8,344	6,576	186,767	24 %
3.	USA	4,988	5,457	11,171	81,821	10%
4.	NETHERLANDS	4,924	4,620	3,374	56,676	7 %
5.	JAPAN	3,177	2,478	3,745	48,141	6 %
6.	U.K.	1,216	795	1,007	36,894	5 %
7.	U.A.E.	2,924	4,345	2,738	25,586	3%
8.	CAYMAN ISLANDS	342	371	2,084	17,722	2 %
9.	CYPRUS	806	1,203	1,412	16,065	2%
10.	GERMANY	505	469	495	15,607	2%
	TOTAL FDI INFLOWS FROM ALL COUNTRIES	44,423	50,018	58,846	787,728	-

- The figures above are to March 2026 - the latest data available on the DIPPI, Government of India website. They relate only to fresh equity inflow, and not Total Foreign Direct Investment (FDI).
- To avoid confusion, Total FDI = Equity inflow + Re-invested earnings + Other Capital.
- Also, for clarity, the table above do not cover trade (merchandise goods + services) figures.
- In the 12 months to March 2026 Equity FDI inflow was up 18% compared to the same period in the previous year.
- For the first time Singapore has overtaken Mauritius.** Investments via Singapore, because of its favourable DTAA with India, continue strongly and it is the highest from any country in 2025-26 by a wide margin, and cumulatively since 2000 now the highest at 25% of total FDI since March 2000.
- Many countries routed their investments historically via Mauritius, the Indian Ocean Island to benefit from their hitherto favourable double tax treaty (DTAA) with India. However, the India-Mauritius DTAA was renegotiated in 2017.
- Since 2000, the top 10 countries have accounted for \$679,967 million, or 86%, of the total \$787,728 million in Foreign Direct Investment (FDI) into India.
- The UK, which had been the third-largest source of FDI for several years, now remains at sixth place. This shift is due to increased investments from the USA, driven by the e-commerce boom, and from the Netherlands, thanks to a favourable double tax agreement attracting investments from Europe and the USA. Japan has also moved ahead due to significant infrastructure projects.

Top 5 Indian States/ Union Territories (UT) attracting highest FDI:

- In the fiscal year 2025-26, the top five states receiving the highest FDI equity inflows were Maharashtra (31%), Karnataka (21%), Gujarat (15%), Delhi UT (13%), and Tamil Nadu (6%). Together, **just these 5 states accounted for 86% of the total equity FDI inflows.**

Top 5 sectors receiving highest FDI Equity Inflow during FY 2025-26:

- The top 5 sectors receiving highest FDI Equity Inflow during FY 2025-26 are Services Sector (Finance, Banking, Insurance, Non-Fin/ Business, Outsourcing, R&D, Courier, Tech. Testing and Analysis, Other) (16%), Computer Software & Hardware (16%), Trading (7%), Telecommunications (5%) and Automobile Industry (5%). **These 5 sectors accounted for 49% of Equity FDI inflows.** Manufacturing continues to lag behind, and as a result the much-needed job creation in the country.
- The Indian government has implemented various policies and initiatives to boost FDI. The "Make in India" campaign aims to simplify procedures and promote a favourable investment climate across different sectors.
- Liberalisation of FDI policies, particularly in retail, defence, insurance, and single-brand retail trading, has been a key strategy. The Goods and Services Tax (GST) implementation has improved transparency, while Special Economic Zones (SEZs) provide dedicated spaces with tax incentives.



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LALCAP

FORTHCOMING EVENT: INDIAN INSTITUTE OF DIRECTORS, 2026 ANNUAL LONDON GLOBAL CONVENTION

Title: Boards at the Crossroads of Volatility and the AI Era

- **18-19 November 2026:** Global Convention at Hotel Montcalm, Marble Arch, London W1H 7TN
- **20 November 2026:** High profile business lunch at House of Lords, Westminster
- **21 November 2026:** Special session at the University of Westminster

<https://www.iodglobal.com/upcoming-events/details/london-global-convention-2026>

The Institute of Directors (IOD), India, has had a long-standing presence in the UK, hosting the annual 'London Global Convention' on Corporate Governance & Sustainability along with the 'Global Business Meet' at the House of Lords for the past 25 years. These annual meetings in London have been increasingly successful, typically attracting around 500+ delegates.

Excellent networking event providing an opportunity to meet senior executives of companies and government officials from India, the UK and other countries.

- Dinner and Golden Peacock Awards for Corporate Governance and Sustainability on 18 November 2026
- High profile global speakers on 18-19 November 2026 covering Corporate Governance and Sustainability
- **Please contact and book directly with the Organiser, IOD (India), using the link above**
or enquiries to Mr Sushil Kumar, General Manager Conferences, IOD (India) : sushil@iodglobal.com
- Lalcap Ltd is a supporter of the Indian IoD.

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