ECOTEENS

CURRENT ECONOMIC STATE — INDIA'S GROWTH STORY

India's economy grew 7.6% in 2026, revised upward twice this year, making it the fastest-growing major economy in the world. This beat government estimates of 6.3–6.8% set earlier, powered by strong private consumption, resilient services growth, and continued government infrastructure spending despite global headwinds.

Private consumption jumped 8.7% in the latest quarter as GST cuts and lower interest rates put more money in people's pockets. Manufacturing grew 7.3%, trade and hospitality surged 12.5%, and financial services expanded 10.4% — signs the growth is broad-based, not just one sector carrying the economy.

The catch: exports grew slower than imports, so net trade dragged on growth. The US imposed steep 50% tariffs in August, testing India's resilience. Still, GST cuts and higher government spending cushioned the blow, keeping India comfortably ahead of every other G20 economy this year.

Looking ahead, growth is expected to cool slightly to around 6.1–6.5% for 2026–27 as global energy prices, driven by the Middle East conflict, push up import costs. Even so, economists still call India's position a "Goldilocks" phase — strong enough to grow, calm enough to avoid overheating.

OIL, WAR, AND THE WORLD ECONOMY: INSIDE THE MIDDLE EAST PRICE SHOCK

This year's Middle East war has triggered the sharpest oil price shock in over two decades. Brent crude, which started 2026 near $69 a barrel, spiked past $100 in July after attacks disrupted the Strait of Hormuz — the passage that carries roughly a fifth of the world's oil.

The World Bank warns energy prices could jump 24% this year, the steepest rise since Russia's invasion of Ukraine. Countries that import most of their oil and gas, like India, Japan, and much of Europe, are feeling it hardest through higher fuel bills, pricier fertiliser, and rising food costs.

Central banks now face a tricky trade-off: fight oil-driven inflation with higher rates, or hold steady and risk slowing growth further into next year.

For India, costlier crude means a wider trade deficit and pressure on the rupee, even as GST cuts and RBI easing try to soften the impact.

Fun fact: The Strait of Hormuz is just 33 km wide at its narrowest point, yet a fifth of the world's oil and a quarter of its LNG pass through daily. Traders watch it so closely that mere rumours of naval activity can move oil prices within minutes, before any tanker is touched.

THE ECONOMIST WHO TURNED POVERTY INTO AN EXPERIMENT: ESTHER DUFLO

Esther Duflo is a French-American economist who, at 46, became the youngest person ever to win the Nobel Prize in Economics in 2019, shared with Abhijit Banerjee and Michael Kremer. She's spent her career studying one question: what actually works to lift people out of poverty?

Duflo pioneered using randomised controlled trials — the same method used in medical drug trials — to test anti-poverty programmes in the real world. Instead of guessing whether free school meals or microloans help, her team ran controlled experiments across India, Kenya, and dozens of other countries to find out.

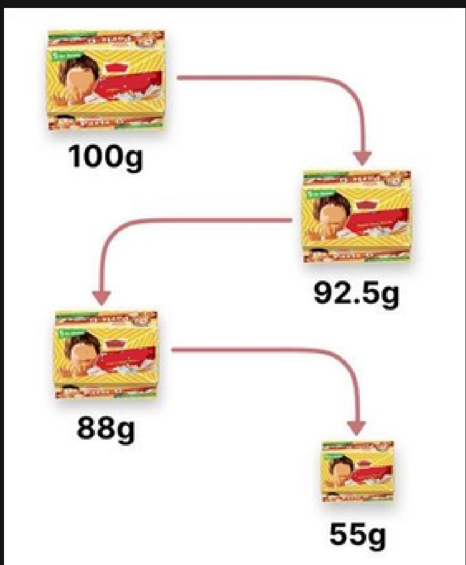
Her findings reshaped development economics. She showed that small nudges, like reminder texts for vaccinations or tiny subsidies for fertiliser, often outperform expensive top-down schemes. Governments and NGOs worldwide, including in India, now use her "randomista" approach to test policies before rolling them out nationally.

Duflo co-founded the Abdul Latif Jameel Poverty Action Lab (J-PAL) at MIT, which has run over 1,000 studies globally. Her core belief: poverty isn't one big problem needing one big solution, but thousands of small, testable ones — a lesson worth remembering for anyone building solutions for underserved communities.

SHRINKFLATION DECODED: WHY YOUR FAVOURITE SNACK KEEPS GETTING SMALLER

Shrinkflation is when companies quietly shrink a product's size or quantity while keeping the price the same. Your favourite chips packet, chocolate bar, or soap bar gets smaller, but the price tag doesn't move — so it looks like inflation isn't happening, even though you're paying more per gram.

Companies do this because raising prices outright scares customers away and hurts sales instantly. Shrinking the pack size is far less noticeable, since most shoppers track price, not weight, at checkout. It lets brands quietly absorb rising costs of raw materials, packaging, and transport without a visible price hike.



CASH GOES DIGITAL: WHAT INDIA'S E-RUPEE MEANS FOR THE FUTURE

Fun fact: Physical cash can't be tracked once it leaves the bank, but a digital rupee has a "digital footprint" recorded by the RBI for every transaction. That's also why it can be made "programmable" — imagine a scholarship that can only be spent on school fees, automatically, with no way to misuse it.

India's Digital Rupee (e₹), the RBI's own digital currency, has quietly matured through 2026. Unlike UPI, which just moves money between bank accounts, the e₹ is central bank money itself, held directly in a digital wallet — the digital equivalent of a ₹500 note, legally backed by the RBI.

Adoption has been slow. E₹ in circulation actually fell 24% over the past year to ₹771.7 crore, while UPI processes around $300 billion monthly. The RBI is now testing it through welfare pilots in Maharashtra and Gujarat, using programmable subsidies to cut leakage in government benefit payments.

The bigger play is cross-border: RBI signed a digital-asset pact with Singapore's central bank and joined BIS projects Rialto and Mandala, aimed at cheaper international payments. India is also pushing BRICS nations to link their CBDCs, a system that could someday bypass dollar-based payment rails entirely.

In India, shrinkflation has hit everyday items hard — smaller soap bars, fewer biscuits per pack, reduced detergent weights — especially after input costs rose from tariffs and the Middle East-driven oil shock. Regulators have started pushing companies to display "price per unit weight" clearly, making shrinkflation easier to spot.

Economists see shrinkflation as a hidden tax on consumers, since it distorts how we measure real inflation. Official inflation data often misses it entirely, because it tracks price per pack, not price per gram. That's why comparing unit prices, not just sticker prices, is the smartest way to shop.

BEHIND THE SCENES:
WORD FROM OUR FOUNDER

India has cemented its spot as the world's fastest-growing major economy, even as a Middle East oil shock sends ripples through global markets.
Meet Esther Duflo, the Nobel laureate turning poverty into a science through real-world experiments, and explore what India's e-Rupee means for the future of cash and payments.
Finally, decode shrinkflation — the sneaky, near-invisible price hike hiding in your everyday grocery bag, costing you more without you even noticing.

CONTACT US: