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In September 2025, two major incidents -- **Tariff Turbulence and India's Trade Watch** & **Oil Surge Meeting the U.S. Policies --** have significantly influenced global economic trends.

TARIFF TURBULENCE AND INDIA'S TRADE WATCH:

The United States announced fresh tariffs on imported drugs, heavy trucks, and furniture, set to take effect from October. While India was not directly in the line of fire, the decision raised concern because Indian pharmaceutical exports have a strong presence in the U.S. market. Any tightening in U.S. trade rules could mean reduced competitiveness for Indian companies, especially in generic medicines, where price pressures are already high. Beyond pharmaceuticals, India fears indirect effects on supply chains and global demand, which could hit its export earnings at a time when sustaining growth is a priority.

OIL SURGE MEETS U.S. POLICY, INDIA FEELS THE HEAT:

Global oil markets turned volatile in late September as Russia announced cuts in fuel exports, pushing crude prices to their highest levels in three months. For India, which imports over 80% of its oil needs, this spike poses a double challenge: higher import bills that strain government finances, and inflationary pressures that risk eroding household purchasing power. At the same time, the U.S. Federal Reserve adopted a cautious stance on interest rate cuts, worried about persistent inflation. This directly affects India, since tighter U.S. financial conditions often trigger outflows from emerging markets. The combination of expensive oil and uncertain U.S. monetary policy makes India's balancing act between growth and stability more delicate.

"INFLATION STAYS STUBBORN AS FED BALANCES TARIFFS AND RATE CUTS"

- Inflation is still running above **the Fed's 2% target**, where it has stayed for more than four years. Tariffs are a big reason why—especially on items like home furnishings and recreational goods—with **the average tariff rate now around 17%.**
- In response**, the Federal Reserve recently cut interest rates for the first time since December** to support the job market. But the surprisingly strong Q2 GDP rebound gives the Fed less urgency to make big cuts, despite political pressure.
- **Markets still expect a few more rate reductions by year's end,** though the strong growth numbers have cooled those expectations slightly.

FY26 OUTLOOK: STABLE BORROWING, FOCUS ON CAPITAL SPENDING AND INFRASTRUCTURE

The government plans to borrow **₹6.8 trillion** in the second half of FY26, keeping its overall market borrowing for the year at **₹14.82 trillion**. The fiscal deficit target is set at **4.4% of GDP**, signaling a focus on fiscal discipline.

At the same time, policymakers are leaning on **capital spending and infrastructure investment** to drive long-term growth, showing a balance between keeping finances in check and fueling development.

ASSAM'S DEFENSE CORRIDOR: EVOLVING FROM A VISIONARY CONCEPT TO A STRATEGIC IMPERATIVE

Assam's defense Corridor years, India has dreamed of becoming self-reliant in defense manufacturing, yet the country has continued to rely heavily on imports. Now, with global tensions rising and new security challenges emerging, the need to strengthen our own defense production feels more urgent than ever. In this context, setting up a defense industrial corridor in Assam is not just a good idea—it's a strategic necessity. Evolving from a visionary concept to a strategic imperative the Northeast's geography and vulnerabilities make it a natural fit for this initiative. Surrounded by international borders and difficult terrain, the region has long relied on supply chains from far-off production centers—delaying readiness and driving up costs. A defense corridor in Assam would cut this dependence by bringing production, maintenance, and supply closer to the frontlines.

But the benefits go beyond the military. Such a corridor could turn Assam into a hub for high-tech industries, with spillover into civilian sectors. Defense manufacturing demands skilled manpower, precision engineering, and advanced technology—foundations that can spark wider industrial growth, create jobs, and drive innovation. For a region that has struggled with industrialization, this could be truly transformative.

LOCAL ECONOMIC NEWS

- **GST 2.0 Reforms:** Union Minister Jyotiraditya Scindia visited Guwahati to promote the next-generation GST reforms, which have simplified tax slabs and increased consumer purchasing power and seller sales.
- **Bamboo Economy Boost:** The commissioning of India's first bamboo-based bioethanol plant in eastern Assam's Numaligarh is expected to boost the region's sustainable bamboo economy, supported by a new agenda set at a conclave in Guwahati.
- **Economic Resilience:** The various initiatives, from GST 2.0 to the sustainable bamboo economy, aim to create a more resilient and self-reliant economy in Assam and the broader Northeast region.

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