dun & bradstreet

India Financial and Investment Confidence

Indices Report - Q3 2026

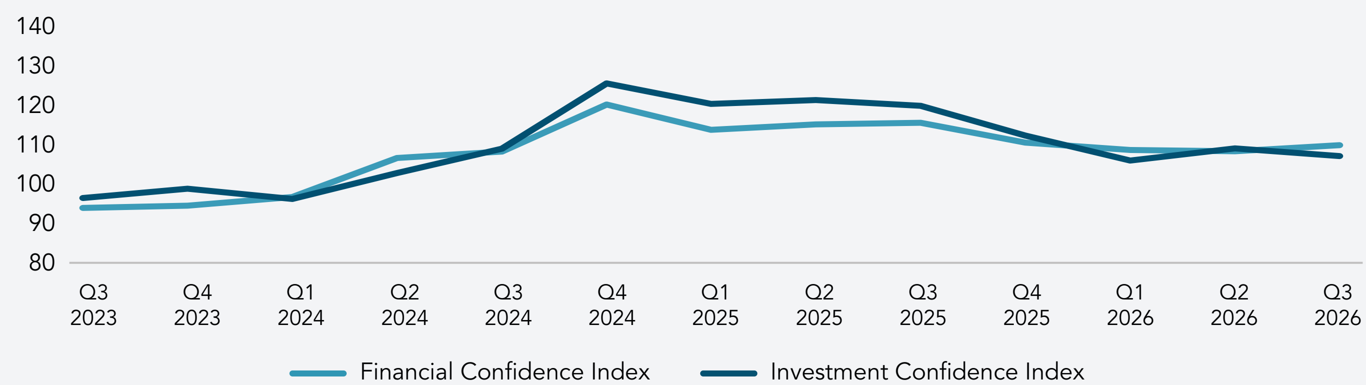
India Financial and Investment Confidence Index Q3 2026

The Dun & Bradstreet India Financial and Investment Confidence Indices (IFICI) Report offers a comprehensive quarterly assessment of business sentiment in India through two distinct indices - the Investment Confidence Index (ICI) and the Financial Confidence Index (FCI). The ICI and the FCI are based on a quarterly survey of 300 businesses in India, conducted alongside similar surveys in 32 major economies across the world as part of Dun & Bradstreet's Global Business Optimism Insights report. While the FCI serves as an early warning signal for financial distress and potential bankruptcies, helping stakeholders anticipate risks across sectors, the ICI offers insights into business sentiment around investment activity, reflecting the willingness of firms to launch new projects, expand operations, and pursue growth. Both indices track optimism across 17 sectors - grouped under industry and services - and span three business sizes, providing a comprehensive view of business confidence in the economy.

Executive Summary

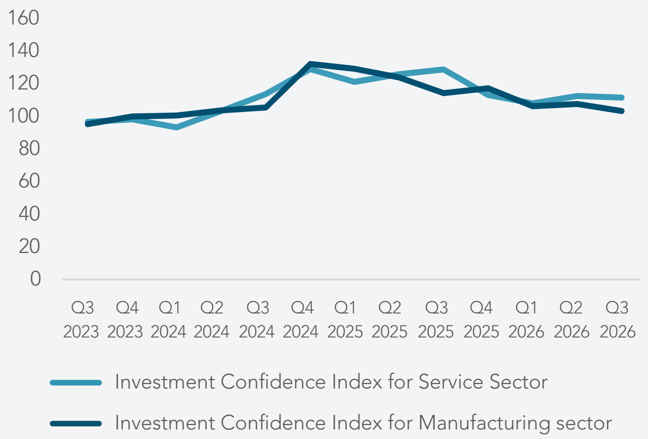
- Financial Confidence Index (FCI) improved for Q3 2026, rising 1.8% QoQ to 114.1, supported by better liquidity conditions, improved payments sentiment, and stronger short-term funding expectations.
- Whereas Investment Confidence Index (ICI) softened 2.3% QoQ to 110.5, as firms turned more cautious on capital expenditure, employment, M&A activity, and long-term funding requirements.
- India's investment confidence diverged from the global trend, with ICI for India declining while global ICI increased marginally, 1.1% QoQ to 103.36, reversing India's relative out-performance in the previous quarter.
- Services remained more resilient in Q3 2026, with ICI moderating only marginally (-1% QoQ) and FCI improving by 2.2% QoQ. In comparison, manufacturing recorded a sharper decline in ICI (-4.5% QoQ), while FCI improved by 1% QoQ.
- Confidence varied sharply by firm size. Small firms showed improved confidence, with investment confidence rising 1.9% QoQ and financial confidence by 3.6% QoQ. Large firms remained broadly stable on investment confidence (+0.4% QoQ) but recorded the strongest improvement in financial confidence (+4.5% QoQ). In contrast, medium enterprises continued to face challenges, with investment confidence declining by 15% QoQ and financial confidence falling by 5% QoQ.
- Financial optimism for funding conditions improve for Q3 2026, with an improvement in the sentiment on environment for raising capital (2.6% QoQ).
- Businesses reported mixed sentiment on financial risk management in Q3 2026. Confidence in managing their own balance sheet risks improved by 3.5% QoQ, indicating greater comfort with firm-level financial positions. However, confidence in the financial health of their broader sector declined by 2.4% QoQ, suggesting continued concerns about sector-wide balance sheet conditions despite improved confidence in their own financial resilience.

Index Analysis



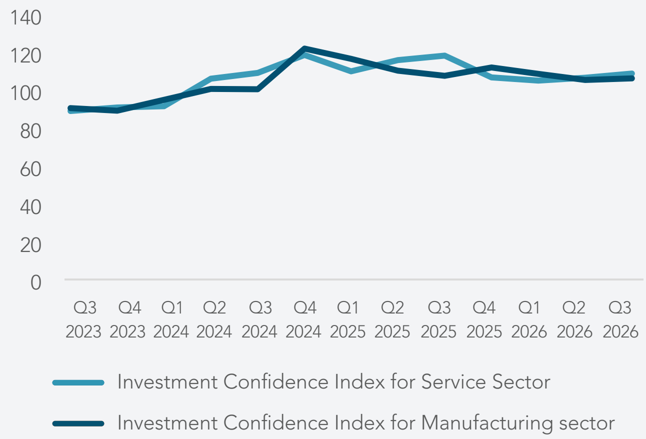
Source - Global Business Optimism Insights Survey Q3 2026

Investment Confidence Index



Source - Global Business Optimism Insights Survey Q3 2026

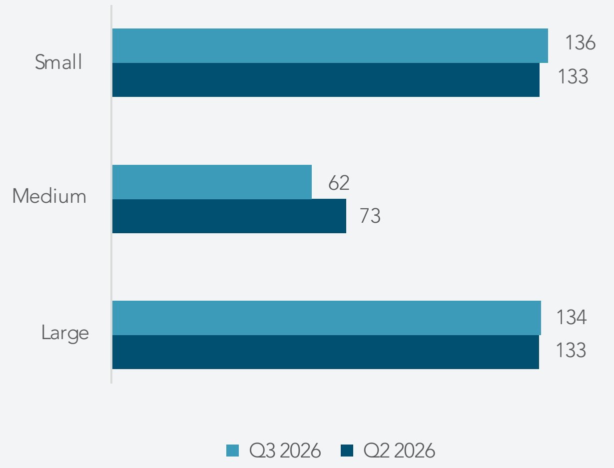
Financial Confidence Index



Source - Global Business Optimism Insights Survey Q3 2026

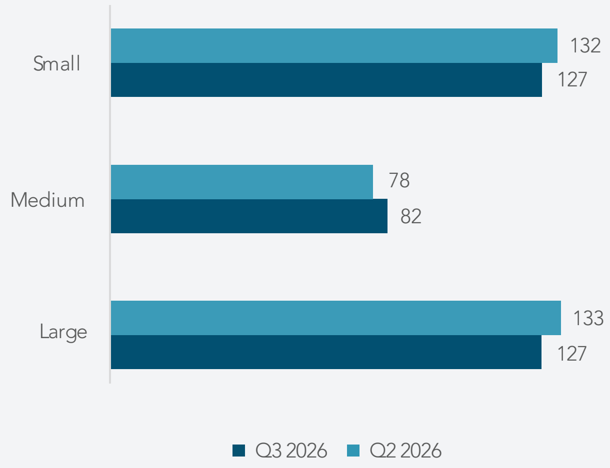
- Financial confidence strengthened for Q3 2026, with FCI rising to 114.1, up 1.8% QoQ. The improvement was broad-based, supported by stronger optimism around liquidity position (+6.7% QoQ), outstanding payments (+6.8% QoQ), and the need for short-term funds (+7.5% QoQ), with 9 of the 12 sub-indices recording improved optimism for the quarter.
- Investment confidence softened in contrast, as ICI declined to 110.5, down 2.3% QoQ. The moderation was visible across all four investment indicators, led by lower optimism for capital expenditure (-5.3% QoQ) and employment (-4.7% QoQ), followed by weaker sentiment towards M&A environment (-2.9% QoQ) and long-term funding needs (-2% QoQ).
- India's investment confidence diverged from the global trend for Q3 2026. While ICI for India fell 2.3% QoQ, global ICI increased marginally 1.1% to 103.3, marking a retreat from Q2 2026, when India had outperformed the global investment confidence trend.
- Optimism for services sector remained more confident than manufacturing for Q3 2026. Services ICI moderated marginally to 113.8 (-1.1% QoQ), compared with a sharper decline for manufacturing ICI to 104.6 (-4.5% QoQ). On FCI as well, optimism for Services FCI increased to 115.1 (+2.2% QoQ), compared with Manufacturing FCI at 112.3 (+1% QoQ).
- The environment for raising capital improved by 2.6% QoQ, making it the only ICI indicator to record an increase.

Investment Confidence Index



Source - Global Business Optimism Insights Survey Q3 2026

Financial Confidence Index



Source - Global Business Optimism Insights Survey Q3 2026

- Large firms recorded a notable improvement in financial confidence for Q3 2026, with FCI rising 4.5% QoQ to 133. ICI improved to 134 from 133 for Q2, although capital expenditure sentiment declined by 10%.
- Medium enterprises recorded a moderation in confidence during the quarter, with FCI declining 5.3% QoQ to 78 and ICI falling (-15% QoQ) to 62. The decline in sentiment was broad-based across investment parameters, including employment (-17% QoQ), M&A environment (-21% QoQ), and long-term funding needs (-39% QoQ). Financial risk confidence for medium enterprises stood at 16, compared with 94 for large firms, indicating that low confidence in mid-sized firms to managing financial pressure.
- Small firms registered an improvement across both indices, with FCI rising 3.6% QoQ to 132 and ICI increasing 1.9% QoQ to 136. This placed small firms ahead of medium enterprises across key confidence metrics. The improvement in FCI for small sized firms was supported by better sentiment around operating margins (+6% QoQ), the environment for raising capital (+7% QoQ), and the need for short-term funds (+15% QoQ), suggesting greater adaptability to prevailing credit and liquidity conditions.
- Capital expenditure trends remained uneven across firm sizes for Q3 2026. Large firms reported a 10% decline in capital expenditure sentiment, while small firms remained broadly stable at 77, medium enterprises recorded a decline of 6% QoQ. A differentiated investment recovery is observed, with small firms showing relatively steadier investment sentiment compared with medium and large firms taking a more measured approach to new capital spending.

ICI

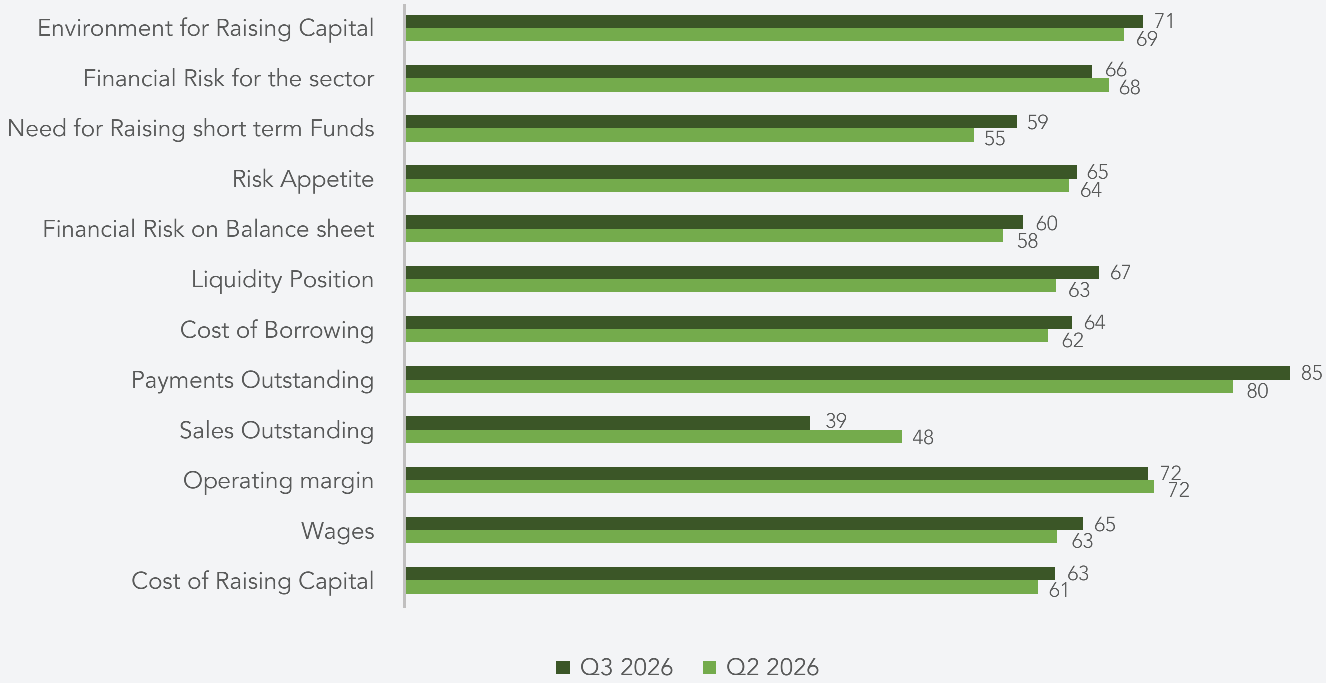
Investment Confidence Index : Sub-Indices

Source - Global Business Optimism Insights Survey Q3 2026

- Employment sentiment moderated for Q3 2026, declining 4.7% QoQ after a sharp increase in the previous quarter. Hiring intentions softened as firms reassessed workforce requirements amid a more cautious investment outlook.
- The confidence for need to raise long-term funds declined 2% QoQ, continuing the downward trend observed in the previous quarter (-6.5% QoQ).
- Capital expenditure expectations weakened further for Q3 2026, declining 5.3% QoQ. The continued moderation points to a cautious approach toward capacity expansion and modernisation, as firms remained attentive to demand visibility and investment returns.
- The environment for mergers and acquisitions softened for Q3 2026, declining to 2.9% QoQ. In contrast, the sentiment on environment for raising capital improved modestly by 2.6% QoQ, reversing the sharp deterioration seen in the previous quarter (-10.2% QoQ). The funding conditions stabilised to some extent, although overall investment sentiment remained measured.

FCI

Financial Confidence Index: Sub-Indices



Source - Global Business Optimism Insights Survey Q3 2026

- Sentiment on funding access improved during the quarter, with the environment for raising capital rising 2.6% QoQ, reversing the decline (-10.2% QoQ) recorded for Q2 2026. Sentiment for cost of raising funds improved 2.8% QoQ, pointing to expectations of improving borrowing conditions.
- Risk conditions were mixed for Q3 2026. Optimism on financial risk for corporate balance sheets increased by 3.5% QoQ, indicating lower perceived balance-sheet risk at the firm level. However, optimism on sector-level financial risk declined by 2.4% QoQ, suggesting heightened concerns over broader sectoral risk conditions.
- Profitability as seen through operating margin sentiment remained stable, after the improvement recorded in the previous quarter (14.9% Q2 2026).
- Sentiment for corporate risk appetite remained broadly stable for Q3 2026, increasing by 1.2% QoQ after a robust increase in the previous quarter (24% Q2 2026). Firms appear to sustain their willingness to take risk.
- Liquidity sentiment improved for Q3 2026, rising 6.7% QoQ after a sustained period of lull (-10.7% for Q4 2025, 0.3% for Q1 2026 and -8.8% for Q2 2026).

Methodology

Dun & Bradstreet conducted a stratified random survey of around 300 businesses in India, covering 17 sectors and three business size segments. A diffusion index is calculated for each parameter and normalized against base year values (Q3 2023 to Q2 2024). An index reading above 100 indicates an improvement in optimism relative to the base year, while an index reading below 100 signifies a deterioration. The composite index at size and sector level is calculated using factor-weighted averages of the parameter-level indices. Economy-level indices are weighted averages of sector-level indices by their contribution to GDP.

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