ISID Institute for Studies in Industrial Development
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Policy Research to Foster India's Industrial Transformation

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Industry Matters

Weekly Updates June 05, 2026

Economy, Industry and Policy

Competition policy-The missing pillar of Viksit Bharat: India today stands at a defining economic moment. The country is simultaneously aspiring to become a developed economy by 2047, positioning itself as a global manufacturing hub, attracting supply-chain diversification, expanding digital public infrastructure, strengthening startups and MSMEs, and deepening domestic consumption. *[Business Line]*

Manufactured monopoly-How industrial policy is structuring monopolies in India: India's industrial strategies are shaping a landscape where giant corporations thrive while smaller enterprises struggle to keep up. Policies like tariffs, regulations and quality controls act as gatekeepers, limiting new entrants. *[The Economic Times]*

Monetary policy should not target exchange rate: The rupee touching 96.96 to the dollar on May 20 was not simply a story of crude oil, dollar strength, or foreign portfolio outflows. Those were the triggers. The deeper issue is that India is operating inside the classic open-economy trilemma-the attempt to preserve currency stability, monetary-policy autonomy, and access to global capital at the same time. *[Business Line]*

India's industrial output grows 4.9% in April under new base year series: India's industrial production grew 4.9 per cent in April under the new 2022–23 base year series, up from a downwardly revised 3.2 per cent in March, according to the first monthly print of the revamped Index of Industrial Production (IIP) released by the National Statistics Office (NSO) on Monday. *[Business Standard]*

Remittances-A buffer, now under pressure: India is structurally a current account deficit (CAD) economy. The main driver of the deficit is the merchandise trade gap. That gap widened from roughly $6 billion in 2000-01 to $284 billion in 2024-25. Net services exports and remittances increasingly offset it. *[Business Line]*

Fiscal, monetary policy agility needed in FY27-Finance Ministry: The Finance Ministry's May report highlights India's steady growth momentum but warns of looming inflation risks from elevated global energy prices, a weakening rupee, and a potential monsoon deficit. *[Financial Express]*

Govt removes SIFTI restrictions, IIFCL gets greater financing flexibility: The government has lifted SIFTI restrictions on India Infrastructure Finance Company Ltd. This change grants IIFCL more flexibility in financing infrastructure projects across various sectors. The company anticipates stronger growth and wider participation. This policy shift allows for faster credit expansion through new lending products. *[The Economic Times]*

RBI's monetary policy and the Tinbergen Principle of one objective, one instrument: The case for RBI hiking rates will be strengthened if the West Asia crisis persists. The inflation rationale will gain momentum amid successive pump price increases (more expected), a pickup in food, impact of prevailing heatwave conditions and rising business inflation expectations. *[Mint]*

DPIIT set to unveil new WPI series, launch Producer Price Index: The revised wholesale price index will adopt 2022-23 as the base year, while the Producer Price Index is set to be introduced as a new inflation measure. *[Business Standard]*

Capital goods drive India's industrial growth with 16% surge in April IIP data: While global headwinds such as supply chain disruptions, high input costs, and energy prices continue to pose risks, the report suggests these pressures may be temporary. *[Business Line]*

RBI MPC meet-Status quo on rates likely as West Asia crisis deepens: After three days of deliberations, the six-member Monetary Policy Committee (MPC), headed by RBI Governor Sanjay Malhotra, will announce its decision on June 5. *[Business Standard]*

FinMin calls for policy agility as economy shows 'cautious resilience': The finance ministry on Saturday said strong domestic fundamentals support growth, but rising oil prices, a weaker monsoon and global uncertainty warrant continued policy vigilance. *[Business Standard]*

Underlying momentum in industrial sector remains intact, set to get further boost-Finmin report: The reports states that the electronics and semiconductor value chain is gathering momentum and India's military drone manufacturing industry is expected to grow four-to-five-fold by March 2028. *[Business Line]*

External shocks and policy choices: It is well-known that market over-reaction tends to raise risk spreads for emerging market economies (EMEs), when there is a global shock. Even so, the standard advice for EMEs continues to be to tighten further, take costs upfront and give special concessions for foreign investors. *[Business Line]*

Foreign Investment

India should welcome Chinese investment but not overlook the possibility for innovation spillbacks: India needs foreign capital but China's global investment patterns merit some caution. Funding can bring knowledge and skill transfers but could also mean spillbacks into China of ideas picked up here. We need favourable flows. *[Mint]*

The 30 GWh road map-JSW locks in $1.3 billion Li-ion cell plant plan: JSW Group plans a 30 GWh lithium-ion cell plant with a joint venture partner, investing over $1.3 billion to localise battery production for its new energy vehicle business. *[Business Standard]*

Net FDI rebounds to $7.7 bn in FY26, but portfolio flows short for financing CAD-RBI: India's net foreign direct investment (FDI) rebounded sharply in FY26 but the capital flows remained short of financing the current account deficit (CAD), the Reserve Bank said on Friday. [Business Line]

How to regain funds & frolic-India's capex push needs savings, competitiveness and global capital flows to align: Asia is experiencing an industrial boom. India can benefit by increasing manufacturing and attracting investment. This will create jobs and boost economic growth. Policy reforms are needed to improve competitiveness and attract foreign capital. *[The Economic Times]*

India's FDI debate is missing a key factor that can unlock growth—judicial reform: The gap between gross inflows and net retention is, in large part, an operational business execution problem driven by judicial uncertainty. *[The Print]*

India and Indonesia both set out to reform BITs. Indonesia chose the forward path — India chose regression: Indonesia bet on the rule of law, a cleaned house, and watched investment flow in. India dressed up a flawed system in new paperwork and called it reform — and capital has responded accordingly. *[The Indian Express]*

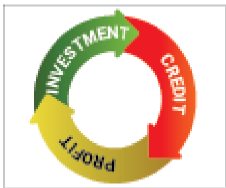
Trade Policy and Competitiveness

CEPA with Oman offers India wider gateway to GCC, East Africa-Goyal: India's Comprehensive Economic Partnership Agreement (CEPA) with Oman not only offers significant export opportunities, but also opens the door to wider access to the Gulf Cooperation Council (GCC) countries and East Africa, Commerce Minister Piyush Goyal said on Monday, as the trade deal came into force. *[Business Standard]*

Trade pact with Oman strengthens India's energy security-Experts: The free trade agreement with Oman will strengthen India's energy and economic security in the volatile Gulf region, according to experts. The trade agreement between the two countries was implemented on June 1. *[Business Line]*

New tariff-Think tank GTRI makes a case against US' additional 12.5% duty on India: As India faces a proposed 12.5% US tariff on its imports, trade think tank GTRI has advised the govt to challenge the levy on legal grounds. The investigation stretches the intended scope of Section 301, the think tank says. *[The Economic Times]*

India-Oman CEPA creates new opportunities for textiles, apparel and MSMEs: The India-Oman trade pact provides significant market access opportunities for the textiles and apparel sector, placing India in a strong position to expand its exports and consolidate its presence in a key Gulf market, the government said on Wednesday. *[Business Line]*



Corporate Governance

Regulator likely to take benign view of Bharti Airtel postpaid plan: Trai is inclined to view Airtel's 5G priority postpaid plans as compliant with net-neutrality norms, while continuing to monitor their impact on users. *[Business Standard]*

India Inc gets a new CSR avenue through the Zero Coupon Zero Principal instrument: In a move aimed at deepening India's nascent Social Stock Exchange (SSE) ecosystem, the Ministry of Corporate Affairs (MCA) has allowed companies to deploy a portion of their Corporate Social Responsibility (CSR) spending through Zero Coupon Zero Principal (ZCZP) instruments. *[Business Line]*

Adani group clocks record ₹1.53 lakh crore capex, all-time high EBITDA of ₹94,834 cr in FY26: Adani group companies reported a record capital expenditure of Rs 1.53 lakh crore (USD 16.1 billion) and an all-time high EBITDA of Rs 94,834 crore (USD 10 billion) in the 2025-26 fiscal year, underscoring an accelerating infrastructure expansion cycle while maintaining leverage below its stated target. *[Business Line]*

India's Insolvency and Bankruptcy Code has transformed the creditor-debtor relationship: Before the IBC, creditors had no choice but to chase resolution through a web of laws and frameworks while asset value deteriorated to nil. Ten years on, the situation has changed dramatically. *[Mint]*

GMDC to develop India’s first AI-powered rare earth supply chain observatory with £600,000 investment: Gujarat Mineral Development Corporation Ltd is partnering with the University of Cambridge to create India's first AI-powered rare earth supply chain observatory. This initiative will track the entire rare earth elements value chain in real time. *[The Economic Times]*

MSMEs and Start-ups

West Asia crisis likely to shrink MSME margins by 50-100 bps in FY27-Crisil: The West Asia conflict will likely shave off 100 bps off Micro, Small and Medium Enterprises (MSME) revenue this fiscal (FY27), and margins are expected to shrink 50-100 bps, a Crisil analysis found. Morbi, Firozabad, Surat and Vadodara clusters are likely to be hit the most, according to projections in Crisil Intelligence’s latest MSME Report. *[Business Line]*

India's MSME growth remains concentrated despite expansion in credit and formalisation: The study highlights the geography of MSME growth in India and calls for more balanced, targeted expansion of enterprise activity and formal credit access. *[The Economic Times]*

BRICS nations discuss technology access, innovation support for MSMEs under India's chairship: India, under its BRICS Chairship 2026, convened the second SME Working Group Meeting under the BRICS Partnership on the New Industrial Revolution (PartNIR) on May 26, focusing on improving technology access for Micro, Small and Medium Enterprises (MSMEs) across BRICS countries. *[The Economic Times]*

Unified Lending Interface is a good start. Now comes the hard part: India's new Unified Lending Interface, ULI, promises to fix credit access. However, its true impact depends on fintech companies. *[The Economic Times]*

Deeptech startup funding nears 2025 levels as VC conviction strengthens: Venture capital funding of deeptech startups has reached almost 80% of 2025 levels. The deeptech sector raised $1.1 billion as of June 1, highlighting a shift towards supporting early-stage companies and larger capital allocations, particularly in AI and defence technologies. *[Mint]*

Indian startups cut usage, buy credits as weak rupee raises AI costs: Many AI startups are also focusing on prompt engineering to minimize the number of tokens consumed while interacting with foreign AI models. By designing prompts more efficiently and reusing existing responses wherever possible, companies can contain expenses. *[Mint]*

Over 60% of pharma MSMEs yet to comply with updated manufacturing norms: Pharma industry officials say the revised Schedule M regulations could require Rs 10-15 crore per facility in upgrades, while talent shortages, funding constraints, and rising compliance costs pose challenges for smaller drug makers within the SME ecosystem. *[The Economic Times]*

Employment and Industrial Relations

Binding national floor wage may redefine states' minimum wage structures: India's new Labour Codes introduce a binding national floor wage, but experts warn the absence of a clear wage-setting formula could create uncertainty and uneven implementation. *[Business Standard]*

India’s new labour safety code promises more jobs and safer workplaces: The OSHWC Code is a structurally coherent reform that lowers the cost of formal hiring, extends protections to categories of workers who had none, and creates administrative data infrastructure for evidence-based enforcement that India's labour market has long lacked. *[The Print]*

Industrial Finance

Geopolitical uncertainty slows MSME credit growth-CRIF High Mark: CRIF High Mark said MSME credit growth moderated amid global uncertainty, while early-stage stress surfaced among micro borrowers, manufacturing firms and working-capital loans. *[Business Standard]*

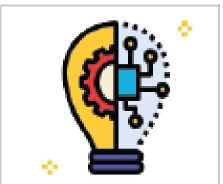
EEPC India proposes separate MSME rating system for better funding and global competitiveness: EEPC India has urged the government to create a distinct rating system for MSMEs. This new approach would consider their size and operational specifics. *[The Economic Times]*

Bank credit growth remains strong at 16.2% despite global uncertainties: Bank lending continued to outpace deposit growth in the fortnight ended May 15, with strong traction in NBFC, retail and industrial credit segments. *[Business Standard]*

RBI reviews expected credit loss rules amid concerns over impact on SME credit costs: The Reserve Bank of India is taking a closer look at its credit loss regulations, which may result in higher borrowing costs for small and mid-sized firms. With rating agencies recently exceeding default rate benchmarks, there is a chance of elevated risk weights for these businesses. *[The Economic Times]*

Banks flag bad loans, rising fraud in SHGs: Banks are flagging increased fraud and loan defaults within self-help groups. To combat this, lenders are suggesting mandatory unique registration numbers for groups and their members. A central registry for cross-verification is also proposed. *[The Economic Times]*

Banks sanction Rs 35,000 cr loans under ECLGS to MSMEs to deal with West Asia crisis: Banks have disbursed Rs 35,000 crore in loans under the Emergency Credit Line Guarantee Scheme. This initiative supports MSMEs and industries affected by the West Asia conflict. The scheme aims to provide crucial liquidity and prevent job losses. *[The Economic Times]*



Technology and Innovation

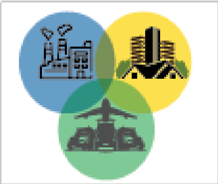
What's driving India's push for a homegrown chip ecosystem? It’s far more than an economic plan: In a world where concentrated supply chains are leveraged to meet geopolitical ends and uncertainty surrounds chipmaker Taiwan, locally made semiconductors could determine global power equations. India needs to be a player. *[Mint]*

HUL inaugurates AI-powered fragrance hub to accelerate product innovation: The new Unilever Fragrance Hub in Mumbai combines consumer insights, science, and AI to accelerate fragrance innovation and strengthen India's role as a global R&D centre. *[Business Standard]*

India's public cloud spending to grow 28% to $17.5 billion in 2026-Gartner: Gartner said strong enterprise demand for AI-ready infrastructure, application modernisation and scalable IT models will drive India's next phase of cloud spending. *[Business Standard]*

Can India reap AI gains?: Artificial intelligence, particularly generative AI and agentic AI, is increasingly being positioned as the productivity engine of this decade. The promise is compelling: faster coding, automated customer service, instant research, lower operating costs, and smarter decision-making. For India, AI could unlock major productivity gains across industries. *[Business Line]*

India emerges as Asia-Pacific's least constrained data centre market amid AI boom: India is rapidly emerging as one of the most attractive data centre markets in the Asia-Pacific region, helped by lower power costs and fewer labour constraints compared to other major economies, according to a report by CBRE. *[Business Line]*



Industrial Infrastructure, Clusters and SEZs

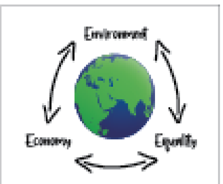
RIICO invites bids for private industrial parks at 9 Rajasthan locations: The Rajasthan State Industrial Development and Investment Corporation (RIICO) has invited applications for the development of industrial parks under Models A and D of the Industrial Park Promotion Policy-2026. *[Business Standard]*

Railways splintered into too many zones: On June 1, a cosmetic change took effect as the emblem of Indian Railways (IR) expanded from 17 stars to 18, marking the operationalisation of the South Coast Railway headquartered in Visakhapatnam. *[Business Line]*

Centre targets nearly 300 GW power generation capacity by next year-Manohar Lal Khattar: India is boosting its power generation capacity, focusing on nuclear energy. The nation aims to reach nearly 300 GW next year. Nuclear power is key for long-term energy security, targeting 100 GW by 2047. *[The Economic Times]*

India unveils Port Performance Index, maritime digital reforms to boost global competitiveness: Sarbananda Sonowal said, "We have introduced the Logistics Port Performance Index (LPPI) for FY 2024-25. It is a major step towards improving the efficiency, transparency & global competitiveness of Indian ports. By promoting continuous improvement & global benchmarking, it will strengthen India's position as a leading maritime power. *[The Economic Times]*

India's $360 billion infra investments slash logistics cost to 10-10.7% in FY26:CII-Knight Frank: India has significantly cut logistics costs through infrastructure investment. However, the nation requires more Multimodal Logistics Parks to achieve greater efficiency. These parks are crucial for shifting freight from roads to more cost-effective modes like rail. This strategic development will boost India's export competitiveness and manufacturing growth, creating an integrated freight economy for the future. *[The Economic Times]*



Sustainable Industrialisation

How to make green hydrogen viable in industry: Prime Minister Narendra Modi's appeal to use petrol and diesel sparingly has brought India's energy vulnerability back into focus. India's response, however, cannot stop at short-term restraint by households alone. Imported fossil energy is built into India's industrial economy — in fertilizers, refineries, ammonia and other energy-intensive production chains. *[Business Line]*

India renews 5-year levy on solar glass imports from Malaysia-Gazette: India has extended import duties on Malaysian solar glass for five more years. This decision follows a government review finding that removing the levy could harm domestic manufacturers. The duties, ranging from 9.71% to 10.14%, aim to boost India's solar manufacturing. *[The Economic Times]*

Energy autonomy, the need of the hour: The Gulf war has highlighted India's Achilles heel — a growing reliance on imported crude, Liquified Natural Gas (LNG) and Liquified Petroleum Gas (LPG). For India, moving away from petroleum fuels to renewable energy —solar, wind, nuclear or biofuel and to clean coal technologies — has a dual purpose. *[Business Line]*

Mandatory Indian cells-How new rule could add up to Rs 15,000 to your solar budget: According to the Ministry of New and Renewable Energy, all net-metering and open-access solar projects must now use solar modules that contain India-made solar cells. *[Financial Express]*

India eyes fiscal support for domestic EV battery supply chain: India is planning new incentives to boost local production of battery components. This move aims to reduce import dependence for electric vehicle batteries. Discussions are ongoing for tax support and outcome-linked programs. *[The Economic Times]*

Sectoral News

Reforming India's fertilizer subsidy programme-getting the design right: The plan to shift fertilizer subsidies to direct cash transfers addresses delivery inefficiencies but ignores the deeper problem—skewed urea pricing that incentivizes nitrogen overuse and damages soil health. *[Mint]*

Ceat bets on CAMSO to drive next phase of off-highway tyre growth: The tyre maker expects tracks and developed markets such as North America and Europe to power growth as access to additional CAMSO categories expands. *[Business Standard]*

Textile industry welcomes cotton import duty waiver, sees boost for exports: The sector hopes the relief will help revive exports and strengthen India's position against competing textile-producing nations. *[Business Line]*

Centre plans ₹3,000 cr incentive outlay to boost lithium, nickel processing: Nickel and lithium are critical to India's EV supply chain, especially when it comes to batteries, as New Delhi targets 30 per cent electric car penetration and 80 per cent for two-wheelers by 2030. *[Business Standard]*

Construction industry poised to hit $1.4 tn by 2030 on Govt infra spending: At the *World of Concrete India 2026* event in Mumbai, industry leaders underscored the need for innovative technologies and sustainable practices to meet the country's growing infrastructure demands. *[Business Line]*

India emerges as auto industry growth engine as US and China slow-Moody's: The ratings agency expects India's light vehicle sales to grow 7.5 per cent in 2026 and 5 per cent in 2027, significantly outperforming global growth of just 0.3–0.5 per cent. *[Business Line]*

Govt examining incentives to accelerate flex-fuel vehicle adoption-Puri: Puri asserted that the Flex Fuel Vehicles offer India a practical solution to reduce crude oil imports, strengthen the rural economy through ethanol demand, and advance low-carbon mobility. *[Business Standard]*

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