ISID Institute for Studies in Industrial Development
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Industry Matters

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Economy, Industry and Policy

Crisis prevention-why India's policy action must go further to boost economic resilience: In the face of geopolitical pressures worsening the economy's vulnerabilities, India has taken some measures. But the long-term strategies must accompany short-term stabilization efforts to ride out the latest shock. *[Mint]*

Monetary implications of RBI's surplus transfer: During fiscal 2025-26 RBI transferred to Central government a surplus of ₹2,86,588.46 crore (0.83 per cent of GDP) on the top of a surplus transfer of ₹2,68,590.07 crore (0.90 per cent of GDP) in 2024-25 and ₹2,10,873.99 crore (0.99 per cent of GDP) in 2023-24. *[Business Line]*

RBI proposes unified framework for banks' risk, compliance and audit functions: The Reserve Bank of India has released a draft framework for bank control and assurance functions. This aims to simplify rules and boost governance. The new guidelines will be effective from January 1, 2027. Banks must ensure their risk management, compliance, and internal audit functions are robust. *[The Economic Times]*

India's engineering exports rise to $122 bn in FY26-Govt official: India's engineering exports have leapt from $70 billion in the financial year 2014-15 to $122.43 billion in FY 2025-26, which is a powerful validation of the country's development and progress, a senior official said on Monday. *[Business Standard]*

Post-MGNREGA-Centre fixes States' share to implement job guarantee scheme under new law: Addressing the media, Chouhan said that the 'historic' new arrangement coming into effect from July 1 should ensure a 'completely smooth, worker-centric transition without any disruption. *[Business Line]*

India needs patient capital to build atmanirbhar industrial capacity: India's foreign exchange reserves have fallen by over $30 billion since February 2026. The rupee has breached 95 to the dollar. The merchandise trade deficit widened to a record $333 billion in FY26, with the deficit against China alone at $112 billion. *[Business Standard]*

RBI measures likely to attract USD 55-65 billion inflows in FY27-SBI report: India anticipates USD 55-65 billion in foreign inflows this fiscal year. The Reserve Bank of India's recent measures aim to stabilize the rupee and boost the country's balance of payments. These initiatives are expected to attract more foreign capital and deepen the domestic debt market. *[The Economic Times]*

India's bond tax exemptions set to boost foreign debt inflows and global index inclusion bid: India is turning heads in the financial world by scrapping taxes on foreign investments in government bonds. This groundbreaking change aims to attract a significant amount of overseas capital while simplifying the way foreign investors navigate its debt market. *[The Economic Times]*

India’s GDP beats estimates to grow at 7.7% in FY26, manufacturing & services sector drive growth: CEA Nageswaran cites broad-based recovery in consumption and investment even as RBI cuts FY27 growth forecast to 6.6% amid West Asia-related inflation risks. *[The Print]*

From growing to growing up-Why India’s $1.5-trillion direct-to-consumer market has come of age: India’s direct-to-consumer (D2C) brands are increasingly paying rent to win trust. In one of the clearest signs that India’s digital-first consumer market is moving beyond discounts, influencer-led discovery and rapid customer acquisition. *[Business Line]*

Policy moves have been made to secure India’s economy on the external front—will they suffice?: The economy has held up well so far and a package was unveiled on Friday by RBI and the government to attract capital. Yet, policymakers need to stay wary of an adverse global scenario turning out worse than expected. Here are the key risks to track. *[Mint]*

A pragmatic monetary policy: While the market had well anticipated the repo rate and policy stance remaining unchanged in the monetary policy, the RBI’s business intelligence script will play a key role in guiding sectors to develop strategies. *[Business Line]*

An apt policy-RBI may tighten credit later but its current focus is on attracting flows of foreign exchange: It took a wait-and-watch approach on the repo rate, although India’s inflation trajectory points to a rate hike later this fiscal year. RBI assured the banking system of liquidity and took steps to attract more forex flows. Quite appropriate, under the conditions. *[Mint]*

Govt to boost biogas prices, subsidies in new programme: India is set to introduce a programme to spur compressed biogas production through higher guaranteed purchase prices and subsidies for new plants, a bid by Prime Minister Narendra Modi’s government to lower carbon emissions and cope with soaring fossil fuel costs. *[Business Line]*

India must move surplus labour out of agriculture, says NITI's Ashok Lahiri: India must focus on moving surplus labour out of agriculture into industry, services, and other productive sectors in the medium- to long-term, create efficient markets for farmers, and gradually replace commodity-linked subsidies with direct income transfers if it wants to address the structural challenges facing the farm sector. *[Business Standard]*

Foreign Investment

Gross FDI may cross $100 billion in FY27-RBI Deputy Governor Poonam Gupta: Gross foreign direct investment (FDI) inflows are expected to cross $100 billion in the ongoing financial year 2026-27 (FY27), Reserve Bank of India (RBI) Deputy Governor Poonam Gupta said on Friday, citing strong investment activity despite global uncertainties. *[Business Standard]*

India posts 0.7% current account surplus in March quarter: India reported a current account surplus of 0.7% of gross domestic product (GDP) in the March quarter of FY26, down from 1.4% a year earlier, according to Reserve Bank of India (RBI) data released on Monday. *[Mint]*

India eyes more FDI, speed up divestment, asset monetisation as economy faces external risks: India's government is set to accelerate reforms, focusing on attracting foreign investment and divesting assets. This strategy aims to maintain economic growth despite rising fuel and fertilizer import costs. Domestic consumption remains strong, providing a buffer against external challenges. *[The Economic Times]*

India's outward FDI commitments fall 49% month-on-month to $4.49 bn in May-RBI data: India's outward FDI commitments saw a significant 49.02% month-on-month drop to USD 4.49 billion in May 2026, primarily due to reduced equity investments, loans, and guarantees. Despite this decline, total financial commitments by Indian entities overseas increased by 34.6% year-on-year. *[The Economic Times]*

India attracted $843 billion in FDI between 2014-15 and 2025-26: India has seen a significant rise in Foreign Direct Investment, attracting USD 843 billion between 2014-15 and 2025-26. Key government initiatives like Make in India and PLI schemes have boosted manufacturing and created numerous jobs. The nation's startup ecosystem is also thriving, with over 2.35 lakh recognized startups generating substantial employment. *[The Economic Times]*

Trade Policy and Competitiveness

Aligning labour practices in India with international regulations will support Indian exports: America's Section 301 proposal of a 12.5% tariff may be a sign of things to come. Globally, the use of labour-related trade barriers is set to rise. Labour audits could help defend Indian exports in such testing times. *[Mint]*

The end-game in India-US trade talks: The Bilateral Trade Agreement currently isn't balanced. New Delhi must move ahead only after US trade policy becomes more stable. *[Business Line]*

India, MERCOSUR target expanded preferential trade pact by mid-2027: In a boost to Indian exporters aiming to diversify more prominently into Latin America, India and the four-member MERCOSUR trading bloc are set to finalise the Terms of Reference (ToR) for expanding their existing preferential trade agreement (PTA). *[Business Line]*

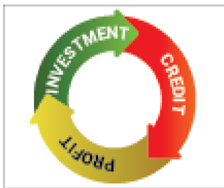
India-US energy cooperation could help drive USD 500 bn trade goal by 2030: India and the United States can boost bilateral trade to USD 500 billion by 2030. Deeper cooperation in hydrocarbons is key. The energy relationship is evolving into a strategic partnership. Opportunities exist in LNG, crude oil, and LPG. Collaboration will support economic growth and energy resilience. *[The Economic Times]*

FTA utilisation low in India; compliance cost is a hurdle-GTRI: India's utilisation of free trade agreement benefits remains low at just 20-30 per cent of eligible exports, compared with 60-70 per cent by the FTA partners, due to high compliance costs and already low tariffs in partner countries. *[Business Line]*

New-age FTAs shrinking India's policy space, dictating domestic rules-GTRI: As trade deficits increase with most FTA partners, old and new, research body suggests setting up an FTA impact monitoring authority. *[Business Line]*

Commerce ministry raises anti-dumping duty rejection issue at 'highest level: The Commerce Ministry is escalating concerns about the Finance Ministry's increasing rejection of anti-dumping duty recommendations. This trend impacts domestic industries, reducing capacity and investment. *[The Economic Times]*

Shifting trade relations: US Secretary of State Marco Rubio recently wrapped up a four-day diplomatic visit to India on May 26, 2026. A key focus was strengthening energy security cooperation and stabilising bilateral ties amid trade and regional frictions. *[Business Line]*



Corporate Governance

Why India Inc's rising profit share in GDP will be tough to sustain in FY27: Driven by rising earnings, the profit-to-GDP ratio for the BSE 500 universe reached 4.3% in FY26. However, looming global tensions and softening consumption indicators threaten to halt further expansion of this corporate profit share. *[Mint]*

Tata Trusts review strategy ahead of Tata Sons' board meet: Trustees of the Sir Dorabji Tata Trust met on Monday in what sources described as largely a stock-taking exercise ahead of the Tata Sons board meeting scheduled for Friday. *[Business Line]*

Adani Energy to acquire smart meter player IntelliSmart for ₹3,050 crore: The proposed ₹3,050 crore transaction includes the acquisition of 100% of the equity share capital of IntelliSmart and redemption of the optionally convertible debentures of IntelliSmart held by NIIF. *[Business Standard]*

FY27 Disinvestment proceeds cross full FY25 collections in 2 months; Miscellaneous Capital Receipts exceeds 23% of BE: The government's Mop-up under 'Miscellaneous Capital Receipts' (MCR) crossed more than 23 per cent of the budget estimates in just little over two months of FY27 driven primarily by robust earnings from disinvestment. *[Business Line]*

MSMEs and Start-ups

India's unicorns' next test-Delivering investor exits: Even though India's startup ecosystem has been celebrated for minting unicorns, it has yet to evolve into one that consistently delivers liquidity events and meaningful returns for investors. *[Mint]*

MSME delayed payment complaints fall, disposal rate falls faster: MSME payment delays remain a major concern as complaint disposal rates plunge, with private firms, institutions, Maharashtra and Delhi leading dues. *[Business Standard]*

AI isn't just for large enterprises: Xebia's Anand Sahay on why MSMEs could be AI's biggest winners: As India accelerates its sovereign AI ambitions, the focus is shifting from infrastructure to outcomes, how businesses can harness AI to improve productivity, efficiency, and competitiveness. *[The Economic Times]*

Battery tech startup Exponent Energy raises ₹200 cr in Series B extension: Exponent Energy has raised ₹200 crore in a Series B extension co-led by 360 ONE and TDK Ventures to expand its EV fast-charging network, retrofit business, and highway infrastructure for commercial vehicles. *[Mint]*

Employment and Industrial Relations

Wages in India-it's not skills but work locations that determine pay levels in the country: Recent data from the World Bank shows that variations in pay across the country depend more on factors other than qualifications or skills. For India to meet its development objectives, India must tackle skewed job prospects. *[Mint]*

India Inc to dole out salary hikes of up to 10.2% across industries in FY27: The high-growth industries, led by EV and EV Infrastructure are expected to register salary increments in the range of 9.6-10.2%, TeamLease Services' report, Jobs and Salaries Primer 2026-27 stated. *[Business Line]*

Employers likely to scale back Q3 hiring plans amid global uncertainties: According to ManpowerGroup's latest Employment Outlook Survey, the Net Employment Outlook (NEO) for Q3 2026 stood at 48 per cent, down 20 points from the previous quarter. *[Business Standard]*

Firms defaulting on labour wage may face ban from govt tenders: Central agencies can now ban contractors from government projects for failing to pay worker wages or social security contributions. Repeat offenders may face a total ban, with the Department of Expenditure holding final authority on cross-government debarments. *[The Economic Times]*

Industrial Finance

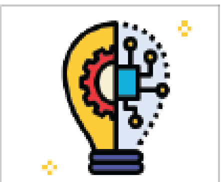
Ather taps govt's ₹1-trillion innovation fund to counter rivals' incentive advantage: The EV maker is finalising 2-3% low-interest loans under the research, development, and innovation scheme to bankroll its upcoming electric motorcycle and EL platforms after being locked out of the production-linked incentive scheme. *[Mint]*

Credit cover for collateral-free education loans may be raised at inter-ministerial consultations: The government is exploring increasing the credit guarantee cover for education loans. This move aims to allow banks to offer loans exceeding ₹7.5 lakh without requiring collateral. The enhancement is expected to boost credit flow to the education sector. *[The Economic Times]*

Credit guarantee scheme for MFIs still stuck in low gear: Banks have received an aggregate loan demand of Rs 10,000-12,500 crore under the scheme, according to people familiar with the matter. While the credit guarantee provides 70-80% default coverage, its rigid caps on bank lending rates and strict margin rules for microfinance companies have made it a non-starter so far in terms of loan disbursement. *[The Economic Times]*

Over 1 lakh guarantees totalling Rs 48,484 cr issued under ECLG scheme since May 5-FinMin: The Emergency Credit Line Guarantee Scheme (ECLGS) 5.0 has seen over 1 lakh guarantees issued, totaling Rs 48,484 crore in just one month. This initiative, aimed at addressing liquidity challenges from the West Asia crisis, primarily benefits the MSME sector, with public sector banks playing a significant role in its rapid adoption. *[The Economic Times]*

Govt extends validity of Credit Guarantee Scheme for Microfinance Institutions upto August 31: The Finance Ministry has extended the Credit Guarantee Scheme for Microfinance Institutions-2.0 until August 31, 2026, or until Rs 20,000 crore in guarantees are issued. The maximum loan amount for large NBFC-MFIs and MFIs has also been raised to Rs 1,000 crore. *[The Economic Times]*



Technology and Innovation

TCS launches dedicated business to build AI-native global capability centres: Tata Consultancy Services (TCS) on Monday launched a Global Value & Innovation Centres (GVIC) Business Unit that will help enterprises establish AI-native GCCs while helping existing GCCs move towards a value- and innovation-led, operating model. *[Business Line]*

Reliance Industries and Meta join hands to develop AI-enabled data centre in Gujarat: Reliance Industries Ltd (RIL) and Meta Platforms, Inc. (Meta) have partnered to set up a data centre in Jamnagar, Gujarat with 168 MW capacity to be delivered within two years and an option to scale. This will be the first built-to-suit data centre capacity in India for Meta, underlining India's emergence as a global hub for AI infrastructure. *[Business Line]*

Semiconductor-Energy questions: India has achieved a massive total power capacity of over 446 gigawatts, but this may not be enough to anchor its semiconductor ambitions, as semiconductor fabrication demands a level of grid perfection, environmental stability, and resource volume that the current infrastructure may not be structurally equipped to deliver seamlessly. *[Business Line]*

Artificial intelligence, geopolitics reshaping biz landscape-Chandra: Tata Consumer Products chairman N Chandrasekaran said businesses are focusing on resilience and productivity as global disruptions reshape markets and consumer behavior. *[Business Standard]*

Industrial Infrastructure, Clusters and SEZs

Odisha clears ₹3,793 crore investment proposals, to create 20,000 new jobs: The State Level Single Window Clearance Authority approved 24 projects across 14 districts, with textiles, manufacturing, tourism and clean energy leading job creation. *[Business Standard]*

Juniper Green Energy commissions 305 MWp of renewable capacity in Gujarat: Juniper Green Energy has expanded its presence in Gujarat by commissioning 305 MWp of renewable energy capacity for Gujarat Urja Vikas Nigam Ltd. The projects, located across Surendranagar, Aravalli, and Devbhumi Dwarka districts, include solar and wind power. *[The Economic Times]*

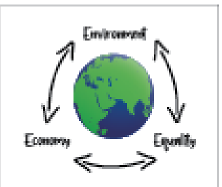
MEPZ SEZ exports remain flat at ₹2.22 lakh crore in FY26: Exports from the MEPZ Special Economic Zone (SEZ) stood at ₹2.22 lakh crore in FY26, registering marginal growth from ₹2.13 lakh crore in the previous fiscal, according to Alex Paul Menon, Development Commissioner, MEPZ. *[Business Line]*

Boost for 'Make in India'-Titagarh to fully localise aluminium coach production by FY27-end: Titagarh Rail Systems aims for full self-sufficiency in aluminium railway coach components by FY27, ending imports and boosting domestic production to support high-speed rail opportunities in India. *[Financial Express]*

Payal Industrial Park, Fourier partner on hydrogen energy storage pilot: Payal Industrial Park is partnering with Fourier, an energy startup. They will deploy a hydrogen-powered energy storage system in Dahej, Gujarat. This collaboration aims to provide industries with reliable, 24/7 clean electricity. The system generates hydrogen on-site, reducing costs and logistics. *[The Economic Times]*

Govt to tap AI for mapping supply chains and investment clusters: India's upcoming Statistical Business Register (SBR) will leverage AI and analytics to map supply chains, identify investment clusters, and guide logistics infrastructure investments. Privacy and consent-based data sharing are central to the framework. *[The Economic Times]*

Rs 33,660 crore industrial parks scheme to help get investments, create jobs-Piyush Goyal: A new scheme, BHAVYA, worth ₹33,660 crore, will develop 100 industrial parks across India. This initiative aims to attract investments and create jobs. The scheme will be implemented in phases, with the first phase considering applications received by July 31. The goal is to build world-class infrastructure and boost manufacturing. *[The Economic Times]*



Sustainable Industrialisation

High petrol prices give EV shift fresh charge, Fada sees record adoption: The rise in conventional fuel prices amid the West Asia crisis appears to be turning into a boon for electric vehicle (EV) sales in India. EV penetration across segments touched an all-time high of 11 per cent in May, compared with around 7 per cent for the full financial year 2025–26 (FY26), the Federation of Automobile Dealers Associations (Fada). *[Business Standard]*

IFC commits USD 50 million to Hygenco to promote green hydrogen in India: International Finance Corporation is investing USD 50 million in Hygenco Green Energies. This funding supports green hydrogen projects across India. The investment aims to scale up competitive green hydrogen supply for industries. Hygenco will develop projects and strengthen supply chains. *[The Economic Times]*

UP's green energy roadmap gets ₹5,400 crore booster for solar expansion: Uttar Pradesh is setting up a dedicated green power transmission network under the Green Energy Corridor-II project with an investment of about ₹5,400, aimed at supporting its target of 22,000 mw solar capacity. *[Business Standard]*

PM rooftop solar scheme set for 7.5 million milestone: India's PM Surya Ghar Muft Bijli Yojana is set to reach over 7.5 million homes by year-end, with 4 million already benefiting. The scheme, launched in February 2024, aims to boost rooftop solar adoption, especially for families using 1-3 kW of electricity. Over 6.5 million applications are in the pipeline, indicating strong public interest and momentum. *[The Economic Times]*

Renewable energy expansion must be supported by better grid infra, says industry: CII-GBC's annual conference and expo saw experts and industry leaders discuss policies needed to drive India's renewable energy sector. *[Business Line]*

Sectoral News

Auto firms seek fixed forex rates for DVA compliance under PLI scheme: To qualify under the ₹25,938 crore auto PLI scheme, a vehicle model's import content must be restricted to 50 per cent, meaning less than half of its value (in rupee terms) can be imported. *[Business Standard]*

Govt publishes rules for setting up of coal exchanges: India's government has published new rules for coal exchanges. This move aims to make coal trading more transparent and efficient. Coal producers will get better access to buyers. The Coal Controller Organisation will register and regulate these exchanges. *[The Economic Times]*

India pharma resilient despite disruptions; no blanket price hike planned: India's pharma sector remains resilient despite West Asia disruptions, as the government advances biopharma, R&D and bulk drug manufacturing initiatives. *[Business Standard]*

Government clears 96 firms under latest textile's PLI round with Rs 12,823 crore outlay: The government has approved 22 additional companies under the textile PLI scheme. This brings the total selected firms to 96. These companies are set to invest over Rs 12,822 crore. The scheme aims to boost manufacturing and create jobs in key textile segments. *[The Economic Times]*

Govt outlines next phase of pharma growth: The government highlighted its achievements, reforms, and policy initiatives, aiming to boost exports from $31 billion to $50 billion by 2030. Focus remains on quality, affordability, and continuity in global healthcare supply chains. *[The Economic Times]*

No overcapacity in textiles, steel sectors in India-DGTR: India rejects US trade representative's allegations that structural excess capacity in its major industries had led to a trade surplus with the US. *[Business Line]*

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