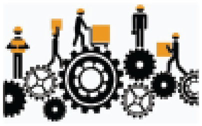
ISID Institute for Studies in Industrial Development
An institution of Indian Council of Social Science Research (Ministry of Education)
Policy Research to Foster India's Industrial Transformation

ISID@40 1986-2026

Industry Matters

Weekly Updates July 31, 2026



Economy, Industry and Policy

A potential blessing in disguise for pharma: Donald Trump delivered two tariff shocks to India last week — one official, the other a prelude to a likely official decision, announced through his social media platform. The first, effective from July 24, imposes a 10% tariff on imports from India under Section 301 of the Trade Act of 1974, following investigations into the use of forced labour in exports; pharmaceuticals, however, are exempted. *[Financial Express]*

Explainer-How FDI in inventory-based e-commerce can help MSMEs: The Department for Promotion of Industry and Internal Trade (DPIIT) has proposed opening inventory-based e-commerce to foreign direct investment (FDI) exclusively for exporting Indian-made products. *[Financial Express]*

Finance Ministry calls for swift policy response to global realities: The Finance Ministry on Wednesday said India has to reinvent itself and reimagine its responses to pressing global realities if it has to achieve strategic leverage, given the mounting uncertainties around artificial intelligence and weaponisation of trade. *[Business Standard]*

Govt's medium-term debt-GDP target turns more difficult: Economists caution that bringing the debt stock down to the target range of 49–51% by March 2031 will be increasingly difficult due to new GDP baselines, West Asia conflict risks, and upcoming Pay Commission expenses. *[Financial Express]*

From scarcity to scale-How the 1991 reforms transformed India's economy: Thirty-five years after the landmark reforms of 1991, the numbers show how India's economy, businesses and households have changed - and why the next phase of reforms will matter just as much. *[Business Standard]*

GST panel may consider allowing transfer of unused tax credit within corporate groups: A key GST panel will consider industry suggestions for transferring unutilised input tax credit. Exempting intra-group corporate guarantees from tax levies is also under review. These recommendations will then go before the GST Council for its next meeting. *[The Economic Times]*

India's manufacturing blind spot-Industrial success needs mature products: India's industrial strategy has a costly blind spot. While policymakers have rightly poured resources into semiconductors, electric vehicles, batteries, drones, robotics, and artificial intelligence, they have largely ignored the thousands of industrial products that every successful manufacturing economy is built on. *[Business Standard]*

Govt companies request RBI to extend concessional forex swap by three months: Public sector firms want the RBI's forex swap facility extended by three months. This facility helps government companies hedge dollar costs for external borrowing. Banks have already mobilized over twenty billion dollars through this special swap scheme. *[The Economic Times]*

35 years of liberalisation-Which sectors emerged as biggest winners?: India's economic reforms changed the course of industries from IT and pharma to retail and aviation. Here's a look at the biggest winners and the challenges that continue today. *[Business Standard]*

Cabinet approves ₹3,030 crore BHAVYA-Rasayan scheme to set up three chemical parks: The Centre will provide grants of up to ₹1,000 crore for each chemical park, subject to a minimum ₹500 crore contribution from the respective state government. *[Business Line]*

Centre nudges RRBs to ramp up digital banking to spur growth: The Union finance ministry has asked regional rural banks (RRBs) to focus on strengthening and expanding digital banking services as part of the Viability Plan 2.0, signalling a shift from balance-sheet repair to technology-led expansion, according to two people aware of the developments. *[Mint]*

Budget has buffers to tackle global risks, no need to revisit govt's budget estimates yet, says Sitharaman: Union Finance Minister Nirmala Sitharaman stated no need to revise Budget estimates. Adequate fiscal buffers exist to manage global uncertainties and risks. Inflationary pressures may arise from both external and domestic factors. Industry investment is improving and critical sectors are seeing growth. *[The Economic Times]*

RBI, govt measures could turn India's balance of payments surplus, ease pressure on rupee-HDFC: Recent policy measures may shift India's balance of payments to a surplus. These actions aim to attract significant capital inflows and strengthen the external position. The Reserve Bank of India's initiatives are expected to boost foreign currency deposits. *[The Economic Times]*

After economic reforms, we were no longer afraid of the world-Tarun Das: We can no longer be happy with protectionism. We must free the MSME sector and stop harassing them with so many inspectors. If necessary, we can build a stronger venture capital ecosystem for them. *[Business Standard]*

Producer Price Index to be used for GDP deflation: MoSPI plans to integrate the output Producer Price Index (PPI) as a deflator in quarterly and annual GDP estimates, aligning India’s national accounts closer to international standards. *[Financial Express]*

A digital transformation has put India on a firm path to its goal of ‘developed country’ status by 2047: India has taken big leaps in digital adoption that have spurred financial inclusion, transformed service delivery to citizens and geared the economy up for it to meet its 2047 goal. But we must ensure that citizens possess the digital skills needed to benefit from all this. *[Mint]*

Foreign capital inflows hit $32 billion as FCNR(B) deposits break 2013 record: India has attracted nearly $32 billion in foreign capital since the RBI announced special inflow measures on June 5, Governor Sanjay Malhotra said. FCNR(B) deposits have already exceeded the 2013 record, but strong dollar demand linked to costly oil imports and weak exporter hedging continues to keep the rupee near record lows. *[The Economic Times]*

Tax filers scramble to fix foreign asset disclosures-I-T portal data & SMS alerts prompt review of overseas holdings before July 31: Taxpayers are receiving alerts about undeclared foreign assets before the July 31 deadline. The tax department has uploaded foreign asset data, prompting disclosures and professional help. Lapses stem from ignorance, negligence, or conscious concealment of overseas accounts and properties. *[The Economic Times]*

Foreign Investment

FDI easing in e-commerce could pave way for wider opening of online retail sector-GTRI: The government's decision to ease certain norms for foreign investment in e-commerce is expected to benefit large American companies and could pave the way for a wider opening of India's online retail sector, think tank GTRI said on Thursday. *[Business Line]*

Govt considering proposal to ease FDI norms for downstream investments-Sources: The government is considering easing foreign direct investment norms for downstream investments. This move aims to boost overseas fund inflows and create new jobs. Most sectors are already open to 100 percent foreign investment under the automatic route. India has attracted significant FDI inflows between 2014-15 and 2025-26. *[The Economic Times]*

SAIL, Krakatau Steel plan $350 million investment in stainless steel plant: India's Steel Authority of India and Indonesia's Krakatau Steel will invest $350 million. A new stainless steel slab plant in Indonesia will have 500,000 tons capacity. This plant is expected to become operational within three to four years. SAIL will consume the entire output for its Salem plant in India. *[The Economic Times]*

Net FDI decline due to increased repatriation by foreign investors-Govt: FDI declined in recent years, from $27.99 billion in FY23 to $6.95 billion in FY26, due to increased repatriation by foreign investors and rising Overseas Direct Investment (ODI) outflows. *[Business Standard]*

India must tread cautiously on further easing of Chinese FDI norms: Earlier this year, in a partial relaxation of Press Note 3, India eased the foreign direct investment (FDI) rules to allow foreign investors with up to a 10 per cent shareholding in land-border countries, including China-linked capital, to invest in India under the automatic route, subject to sectoral caps and related conditions. *[Business Standard]*

Trade Policy and Competitiveness

India's digital trade dilemma deepens after WTO duty moratorium lapses: With the WTO moratorium on electronic transmissions having lapsed, India must weigh tariff flexibility against its growing stake in open, predictable digital trade. *[Business Standard]*

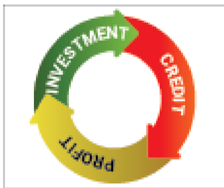
India's new import rule that could make homes and infrastructure costlier: India's new policy imposing a minimum import price on PVC resin is expected to result in higher domestic prices. This strategy supports local manufacturers but also elevates costs for downstream industries, putting additional financial strain on small businesses. *[The Economic Times]*

Quality control orders intended to achieve policy objectives-India at WTO: India's quality control orders (QCOs) are intended to achieve legitimate public policy objectives, Commerce Secretary Rajesh Agarwal said on Thursday. Speaking at a meeting of the Eighth Trade Policy Review of India at the WTO in Geneva. *[Business Standard]*

India's exports to UK may reach $115 billion by 2030 due to trade pact- Assocham: The implementation of the India-UK free trade agreement is expected to boost India's exports to Britain to $115 billion by 2030, industry body Assocham said in a study on Friday. The agreement came into force on July 15 this year. *[Business Line]*

India reiterates WTO-consistent trade policy, calls for development-oriented reforms: India concluded its eighth Trade Policy Review at the WTO. Members broadly appreciated India's constructive engagement and economic resilience. India reiterated its commitment to transparent and WTO-consistent trade policies. *[The Economic Times]*

Trade gap seen as by-product of India's development stage, investment needs, energy dependence-Govt to Parliament: Imports have expanded due to increase in domestic demand and manufacturing capabilities to $776.01 billion in FY26 from $ 194.81 billion in FY07, the government informed Parliament, adding that the trade deficit primarily reflects the import requirements of a rapidly expanding economy rather than structural imbalances. *[The Economic Times]*



Corporate Governance

Hindustan Zinc planning ₹25K cr capex to expand refined metals capacity: Vedanta subsidiary Hindustan Zinc is planning to spend around ₹25,000 crore to implement the next phase of its refined metal capacity expansion, that will involve setting up over 600 thousand tonne per annum of (Ktpa) of additional Zinc and Lead smelting capacity. *[Business Standard]*

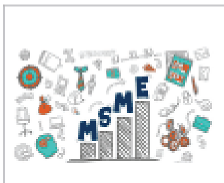
TVS ILP plans up to ₹2,700 cr capex in bid to grow warehousing portfolio: Warehousing developer TVS Industrial & Logistics Parks (TVS ILP), part of the TVS Mobility Group, plans to invest ₹2,500 crore-2,700 crore over the next three years to expand its portfolio from around 12 million square feet (msf) currently to about 20 msf by 2028. *[Business Standard]*

Transfer of unclaimed shares may go digital; AI, data analytics to perform several tasks: The government plans a new digital system for unclaimed shares and dividends. This system will connect various official platforms using application programming interfaces. Artificial intelligence and data analytics will streamline the transfer process for investors. The new portal will offer a single interface for claim submission and verification. *[The Economic Times]*

Avoiding suo motu cases unless no one comes forward-CCI to House panel: Competition Commission is avoiding taking up suo motu cases unless nobody is willing to come forward, as there is a conflict of interest in terms of establishing and also adjudicating such cases, the regulator informed a Parliamentary panel. *[Business Standard]*

Corporate amendment bill likely to provide tax relief to Category III AIFs: A bill before Parliament's joint committee would let Sebi-regulated trusts convert into limited liability partnerships, giving Category III alternative investment funds a way to cut their tax burden from 39% to 35%. However, carried interest taxation remains unaddressed. *[Mint]*

CCI clears Go Digit Infoworks merger with insurer; Fairfax entity to hold 57.28% stake: The Competition Commission of India approved Go Digit Infoworks' merger with Go Digit General Insurance. This transaction will see Go Digit Infoworks Services merge into the insurer, which remains the surviving entity. *[The Economic Times]*



MSMEs and Start-ups

VCs may warm up to high-tech startups later this year, shows data: VC funding in Indian chip and space startups is gaining momentum in 2026, aided by government support despite cautious investor sentiment. *[Business Standard]*

MSMEs must break out of the small comfort zone and grow: Micro, small and medium enterprises (MSMEs) should not aspire to remain small forever. Once they achieve stable profitability, they must shift their focus from merely making money to building larger, purpose-driven enterprises, said Jairam Varadaraj, Managing Director of Elgi Equipments. *[Business Line]*

MSMEs in labour-intensive sectors to get an edge: The India-UK Free Trade Agreement will grant duty-free access to the UK's $23 billion market, significantly boosting Indian MSMEs in labor-intensive sectors like textiles, leather, and gems & jewelry. *[Financial Express]*

Axis Finance unveils Drishti Business Rules Engine for retail and MSME lending: Axis Finance Limited (AFL), has launched a configurable digital platform -- Axis Finance Drishti, to boost credit-decisioning, strengthen risk oversight across retail and MSME lending. *[Business Line]*

Govt introduces Bill in RS to tackle payment delays faced by MSMEs: Union Minister for MSMEs Jitan Ram Manjhi introduced the Micro Small and Medium Enterprises Development (Amendment) Bill, 2026 in the Rajya Sabha. *[Business Standard]*

Odisha's women powering MSME boom with eightfold rise in enterprises: Women-led MSMEs are surging in Odisha, with registrations rising eightfold in six years as policy support helps first-generation entrepreneurs create jobs. *[Business Standard]*

Employment and Industrial Relations

From Vizag to Surat-Non-metro cities are driving India's jobs boom: Lower costs, infrastructure investments, GCC expansion and changing workforce preferences are turning India's tier-2 and tier-3 cities into the country's fastest-growing employment hubs. *[Business Standard]*

GenAI may replace up to 12% of India's non-farm jobs, says Goldman Sachs: Generative AI could substitute twelve percent of Indian non-agricultural jobs. Forty-eight percent of jobs will likely be complemented by this technology. Healthcare and education sectors are expected to benefit most from AI augmentation. *[The Economic Times]*

LabourMin to review states' construction worker reforms in August meet: At the Mumbai meeting, states and UTs are expected to present the progress made on these initiatives, share best practices and highlight challenges faced during implementation. *[Business Standard]*

Industrial Finance

Shriram Finance aims to double gold loan share in loanbook in 3 years: Shriram Finance plans to double gold loans' share of its loan book to 5% in three years and increase MSME lending as it expands secured retail financing. *[Business Standard]*

Green taxonomy urgently needs green capital for India's net-zero ambitions: India's Climate Finance Taxonomy can define green activities, but affordable capital for MSMEs will determine whether the country's green transition succeeds. *[Business Standard]*

AI-led underwriting is the missing link in India's MSME credit story: India has spent a decade building the finest financial plumbing in the world. The Unified Payments Interface (UPI) clears well over 20 billion transactions a month, close to half of all real-time payments on the planet. Aadhaar gave a billion people an identity. *[The Economic Times]*

Centre implements credit guarantee scheme for MSMEs, MoS informs Lok Sabha: India's MSME Ministry unveiled an enhanced Credit Guarantee Scheme, boosting collateral-free loans to aid micro and small enterprises, fostering growth and innovation across the country. *[Business Line]*

Despite government initiatives, lack of awareness hindering MSME financing: Micro, small and medium-sized companies (MSMEs) face challenges that are dichotomous – working capital at competitive rates is hard to come by, and where available, poor awareness and reluctance to engage with multiple stakeholders is preventing engagement. *[Business Line]*

Technology and Innovation

Odisha to house HCLTech's first data centre; ₹15,000 cr AI push planned: A first of its kind project in India, the facility will provide secure, scalable and inclusive digital infrastructure for government, research institutions, startups and enterprises. *[Business Standard]*

Industry flags tech, capital hurdles for roadmap to 2 nm chip: India's leap from 28nm to advanced 2nm chips requires solving lithography, capital, and talent barriers. Industry experts explain why mastering legacy nodes is the crucial foundation for ISM 2.0. *[Financial Express]*

RuPay-on-UPI boosts card usage, but profits remain elusive: The low-value transaction base is attractive for customers because it makes payments easy, but it also complicates the commercial math for card issuers and fintechs. *[Mint]*

OpenAI to provide free ChatGPT access to researchers: What's in the plan?: OpenAI will provide free access to its frontier AI models to 100,000 researchers by 2027, alongside training, research support and collaboration tools for scientific discovery. *[Business Standard]*

Industrial Infrastructure, Clusters and SEZs

Reforms, infra key to India's next phase of gas demand growth: India's long-term natural gas growth will depend not only on expanding LNG import capacity but also on accelerating investment in transmission and distribution infrastructure, gas-intensive industries, and reforms to market design, regulation and pricing, according to a new report of International Gas Union (IGU). *[Business Standard]*

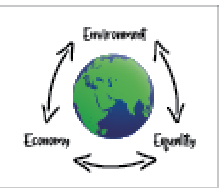
PFC arm incorporates SPV to develop Kushtagi Transmission project: State-owned Power Finance Corporation on Monday said its arm PFC Consulting has incorporated a special purpose vehicle (SPV) company, Kushtagi Transmission Ltd. Kushtagi Transmission will develop a transmission system for 765kV in Koppal district, Karnataka. *[Business Line]*

India's battery chemicals ecosystem set for rapid expansion as ACC demand surges-Nuvama: India is transitioning from being primarily an importer of battery materials to developing a domestic battery chemicals ecosystem, with demand for advanced chemistry cells (ACC) expected to grow sharply in the coming years, brokerage firm Nuvama said in a research report. *[Business Line]*

Act II for Andhra Pradesh's greenfield ports: Andhra Pradesh's port economy is poised for a major transformation. Even as the first phase of work on three greenfield ports nears completion, the State government is laying the ground for the next growth wave by committing ₹1,638.52 crore to acquire 6,248.54 acres for phase-II expansion. *[Business Line]*

Beyond capacity, rethinking port expansion strategy: India's maritime sector has experienced remarkable growth in recent years as the country seeks to strengthen its role in global manufacturing, trade and logistics networks. Government initiatives such as Sagarmala and Maritime Amrit Kaal Vision (MAKV) 2047 aim to expand port capacity, improve multimodal connectivity, promote coastal shipping and reduce logistics costs. *[Business Line]*

Gujarat floats EoIs for 3 shipyards, mega shipbuilding cluster & 6 new ports: Gujarat has unveiled fresh plans to build three greenfield shipyards, an integrated mega shipbuilding cluster and six new ports along its coastline, setting the stage for one of the country's biggest maritime infrastructure expansion programmes as it seeks to strengthen its position as India's leading port and shipbuilding hub. *[Business Line]*



Sustainable Industrialisation

Rooftop solar won't cannibalise utility-scale renewables-Adani Green: We don't foresee that distributed generation or rooftop is going to disrupt the overall energy requirement in this country," Adani Green chief executive Ashish Khanna said. *[Business Line]*

Renewable energy expansion, battery storage push key to green transition- Pralhad Joshi: India is accelerating its clean energy transition with a strong push in battery storage, wind and solar power, Union minister Pralhad Joshi said at the Sustainability Conclave 2026 in New Delhi. He highlighted that investments in energy storage and renewables are expected to reduce electricity costs, while initiatives like hydrogen-powered trains signal progress in next-generation technologies. *[The Economic Times]*

India-made EVs race ahead globally amid fuel price shock: Exports rose to 15,641 units in the three months ended June, from 1,122 units a year earlier, showed industry data. This accounted for more than half of the 28,652 units exported last fiscal year. *[The Economic Times]*

E-truck, e-bus makers to seek another exemption from localization norms due to non-availability of rare earth magnets: The government has struggled to incentivize e-truck adoption under the PM E-Drive scheme and the response to its indigenous rare earth magnet incentive scheme has been poor. *[Mint]*

India's green hydrogen plans gain pace, but demand and costs pose hurdles: India's green hydrogen sector is gathering pace, but assured demand, enabling infrastructure, lower production costs and faster project execution will be critical to growth. *[Business Standard]*

Delhi's electric dream meets a charging reality: Delhi aims to make most new vehicles electric by 2027. The policy offers subsidies and registration fee waivers for electric vehicle buyers. New three-wheelers and small trucks must be electric starting in 2027. Two-wheelers will follow suit the subsequent year, boosting cleaner transport. *[The Economic Times]*

Sectoral News

US tariff plan wakes up Indian pharma to diversify, innovate: Industry leaders say proposed US tariffs on generic drugs should push Indian pharma to diversify exports, boost innovation and reduce dependence on the US market. *[Business Standard]*

Govt proposes three-year PUCC validity for BS-VI vehicles: The Centre has proposed extending the validity of Pollution Under Control Certificates (PUCC) for BS-VI private vehicles up to six years old from one year to three years, while introducing a staggered renewal schedule based on vehicle age and emission norms to reduce compliance burden and reflect cleaner vehicle technology. *[The Economic Times]*

Indian textile exporters may lose competitiveness despite lower US tariff as rival countries get quota exemptions: Indian textile and apparel exporters could lose some of their competitive edge in the US market despite India being placed in a relatively favourable tariff bracket under the new US Section 301 measures, as competing countries have secured tariff-rate quota (TRQ) exemptions, according to an Emkay Research report. *[Business Line]*

Affordability, technology and new mobility choices reshape global auto market: Rising affordability concerns, growing interest in electric vehicles and advanced technologies, and changing mobility preferences are reshaping the global automotive and transportation landscape, according to a recent report by McKinsey. *[Business Line]*

Nitin Pai-Biotech offers India a shot at global leadership—here's what must be done to achieve it: For the country to remain the 'pharmacy of the world,' it must overcome the squeeze of US tariffs and Chinese breakthroughs. To not just survive the future but thrive, we need an overhaul of how the biotech industry is governed. *[Mint]*

Government disburses ₹35,354 crore under PLI schemes till March 2026: The pharmaceuticals sector recorded cumulative sales of over ₹3.64 lakh crore under the PLI scheme, enabling the domestic manufacture of 1,931 products, including 191 bulk drugs produced in India for the first time. *[Business Line]*

ISID Institute for Studies in Industrial Development
An institution of Indian Council of Social Science Research (Ministry of Education)
4 Vasant Kunj Institutional Area, New Delhi - 110070, India

Follow us at

Team Members: Satyaki Roy, Swati Verma, Sangeeta Ghosh, B Dhanunjai Kumar, Amitava Dey & Rakesh Gupta.
Compiled & Edited by: Amitava Dey & Rakesh Gupta.