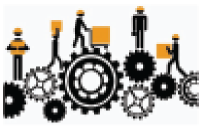
ISID Institute for Studies in Industrial Development
An institution of Indian Council of Social Science Research (Ministry of Education)
Policy Research to Foster India's Industrial Transformation

ISID@40 1986-2026

Industry Matters

Weekly Updates

August 07, 2026



Economy, Industry and Policy

Liquidity surplus likely to peak around September, impact marginal-RBI Guv: RBI Governor Sanjay Malhotra and deputies affirm current rate stance amid evolving growth-inflation dynamics, focusing on headline inflation and liquidity management with policy transmission nearing completion. *[Financial Express]*

New framework to standardise interest rate rules on the anvil-RBI The Reserve Bank of India plans to standardize interest rate rules for all regulated entities. This new principle-based framework aims to increase transparency and ensure uniformity across lending. The proposed changes are unlikely to affect EMIs or bring NBFCs into the external benchmark regime. *[The Economic Times]*

Status quo policy-Rate hike may still not be on the cards this year: RBI keeps the repo rate unchanged at 5.25%, raises FY27 growth forecast, trims inflation outlook and leaves the door open on future rate hikes amid global uncertainty. *[Business Standard]*

Kaushik Basu-Why political gutfeel on economic policy is no substitute for rigorous analysis: Economics may sound like common sense at times, but that mustn't tempt countries to brush aside expertise in this discipline. From India's 2016 demonetization to America's recent tariffs, several cautionary tales exist of instinctive governance going wrong. *[Mint]*

RBI holds policy rates while raising growth forecast; cuts inflation projections: The Reserve Bank of India maintained its benchmark repo rate at 5.25 percent. Inflationary expectations were lowered to 5 percent for fiscal year 2027. Growth projections were raised to 6.7 percent, anticipating economic momentum. Geopolitical uncertainty and monsoon patterns pose potential risks to the outlook. *[The Economic Times]*

Reit, Invit investors to regain dividend tax break; SPV surcharge will rise: The government proposes restoring tax-free REIT and InvIT dividends while raising the surcharge on SPVs to keep the changes revenue-neutral. *[Business Standard]*

Niti Aayog calls for reforms in India's care economy: Niti Aayog calls for a major overhaul of India's caregiving sector, proposing a national council, standardized training, social security, and tech-enabled services to boost the $29.62B market projected to grow to $72.31B by 2030. *[Financial Express]*

Monetary policy-Responding to the times: There is an impressive consensus among economists and analysts for the Monetary Policy Committee (MPC) to give a pause in repo rates. Normally, in an emerging market (EM) under pressure from global volatility, with headline inflation crossing the inflation target, there should be calls to raise rates. *[Business Line]*

Govt tables tax amendment Bill with FII relief, electronics manufacturing push: The Taxation and Other Laws (Amendment) Bill, 2026, was tabled, proposing significant changes to tax laws. Banks and payment providers will not charge for notified electronic payment modes. Tax exemptions are proposed for foreign investors in government securities and for electronics manufacturing. *[The Economic Times]*

Govt weighs PLI 2.0 with sharper focus on high-performing sectors: India is planning a second phase for its production-linked incentive programme. This new phase will support high-performing sectors and reduce focus on low-yielding ones. Companies previously excluded will be encouraged to apply for these new schemes. Revisions to existing schemes for sectors like textiles are also being examined. *[The Economic Times]*

The week in charts-Pharma tariffs, core sectors reset, rural income: In this weekly Plain Facts compilation, we present to you data-based insights, with easy-to-read charts, to help you delve deeper into the stories reported by Mint in the week gone by. *[Mint]*

Import substitution policy to get a leg up, 200 more items earmarked for local production: In keeping with its policy to promote import substitution, the Union government has identified over 300 imported products for domestic manufacturing, expanding an initial target of 100 items. *[Financial Express]*

BCRC seeks dedicated equity fund and wider access to RBI support schemes: The self-regulatory body for business correspondents has sought a dedicated equity fund, access to financial inclusion support and a pricing review to strengthen last-mile banking. *[Business Standard]*

Govt raises windfall tax on petrol, diesel, ATF exports from August: Special additional excise duty on exports of petrol, diesel and aviation turbine fuel has been increased, while domestic excise duty rates remain unchanged. *[Business Standard]*

Cabinet clears Rs 84,084-crore incentive for offshore oil hunt: The Union Cabinet has approved the ₹84,084-crore Samudra Manthan scheme to support deepwater oil and gas drilling, aiming to cut crude imports by ₹1 lakh crore annually and boost domestic energy production. *[Financial Express]*

FPI inflows into govt bonds moderate in July: Foreign Portfolio Investor (FPI) inflows into Indian government bonds via the FAR route fell sharply to ₹7,602 crore in July from June's record ₹41,773 crore, weighed down by rising crude oil prices, rupee pressure, and narrowing US-India yield differentials. *[Financial Express]*

Tax Bill to widen steps to attract foreign investment, ease rules: The government plans to widen tax incentives for offshore funds, electronics, data centres and diamond trading to attract long-term foreign investment and boost ease of doing business. *[Business Standard]*

Reconfigured tax laws to help activate investments, boost manufacturing & foreign capital: The government is set to introduce the Taxation and Other Laws (Amendment) Bill, 2026, extending tax incentives for electronics manufacturing, easing rules for foreign investment funds, and offering relief for REITs, InvITs, data centres and sovereign debt investors. *[The Economic Times]*

RBI to resume urban cooperative banks' licensing after 22-year pause, review rural bank rules: The Reserve Bank of India will resume licensing for urban cooperative banks. A comprehensive review of credit monitoring for rural cooperative banks is also planned. The central bank proposed standardizing lending rate frameworks for all regulated entities. *[The Economic Times]*

Government moves closer to restoring MDR on UPI merchant payments: Parliamentary amendments propose restoring merchant discount rates on UPI payments. This move aims to encourage digital transactions by allowing banks to charge fees. The Reserve Bank of India will determine these charges on person-to-merchant payments. *[The Economic Times]*

Foreign Investment

Global insurers look to tap India opportunity as 100% FDI lures: India's insurance market is becoming a magnet for global insurers, with South Korea's Hanwha Group and South Africa's Discovery among those evaluating opportunities after India allowed 100% foreign ownership. This is set to spur acquisitions and deepen competition across the under-penetrated sector. *[Mint]*

Chinese FDI down to just Rs 1 crore in FY26 amid stricter scrutiny: India's stringent Press Note 3 firewall reduced approved Chinese FDI proposals to just Rs 1 crore ($0.11 million) in FY26, highlighting the significance of recent policy relaxations aimed at attracting capital and technology transfer. *[Financial Express]*

Sectoral, destination shifts mark outward Indian FDI commitments in June: Most headlines focus on foreign capital flowing into India. Far less reported is how shifting global trade and realigned supply chains are driving Indian firms to invest abroad. Behind the headline numbers lies a clear pattern: specific sectors are taking the lead, anchoring India's growing corporate footprint in destinations abroad. *[Business Standard]*

Recent trend in net FDI inflows linked to increased investments by India, greater repatriation-Government: Net foreign direct investment has declined significantly in recent years. This trend is linked to increased overseas investments by Indian companies. Greater repatriation by foreign investors also contributes to this shift. Indian enterprises are expanding globally for strategic assets and new markets. *[The Economic Times]*

Handicraft, ODOP items to get major exports boost from FDI in inventory-based e-comm: New FDI rules permit inventory-based e-commerce solely for export purposes. This change will significantly boost shipments of Indian handicrafts and ODOP goods. MSME and artisan products will gain greater access to global markets. The government aims to facilitate increased exports through this policy amendment. *[The Economic Times]*

Rising ODI outflows signal growing global capabilities of Indian companies-Govt: Indian enterprises are stepping up their overseas investments, eyeing strategic assets and emerging markets. Foreign direct investment inflows soared past $94.84 billion in FY26, marking a clear escalation from prior fiscal periods. This rise in repatriations suggests a maturing investment framework and the robust scaling of various businesses. *[The Economic Times]*

Trade Policy and Competitiveness

E-commerce export policy notified with strict oversight rules: E-commerce companies with foreign direct investment must create separate legal entities if they wish to participate in the new E-commerce Export Framework that allows them to hold inventory in India for overseas sales directly to consumers. *[Financial Express]*

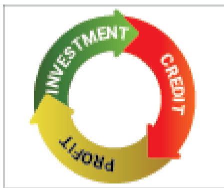
India must move quickly on digital trade—its agreement with the UK could play catalyst: The India-UK comprehensive Economic and Trade Agreement (CETA) sets out a roadmap for easier cross-border trade by leveraging digital technologies. This should push India to quickly get its act together on various fronts. *[Mint]*

EU FTA has provisions to address CBAM concerns-Centre: The India-EU Free Trade Agreement features a dedicated CBAM annexure to protect Indian steel, aluminium, and SME exporters from the EU's carbon tax. *[Financial Express]*

Exim Matters-RBI must rethink matching every trade entry with remittances: RBI's trade monitoring framework should move from universal transaction matching to risk-based scrutiny, balancing foreign exchange controls with ease of doing business. *[Business Standard]*

India extends anti-dumping duty on 4 products in July; imposes duty on one: Duties were extended on untreated fumed silica; arylides; seamless tubes, pipes and hollow profiles of iron, alloy or non-alloy steel; and normal butanol. *[Business Line]*

India's exports from SEZs up 11.8% in 2025-26-Govt: Exports from special economic zones experienced a remarkable boost in 2025-26, eclipsing USD 185 billion. The pharmaceutical industry also thrived, with exports nearly doubling since 2014-15. Gujarat took the lead in special economic zone export achievements for the past fiscal year. *[The Economic Times]*



Corporate Governance

Parliamentary panel urges govt to examine feasibility of permitting CSR contributions in kind: A Parliamentary panel has recommended to the government to examine the feasibility of permitting CSR contributions in kind through an appropriate statutory or regulatory framework. It has supported increasing the threshold of profit to ₹10 crore for CSR, which would benefit Micro, Small and Medium Enterprises (MSME). *[Business Line]*

Indian Oil to invest ₹1 trillion in petrochemicals over next 5 years: The state-run refiner plans to raise petrochemical intensity to 16% while expanding renewables, pipelines, green hydrogen and sustainable aviation fuel capacity. *[Business Standard]*

Adani Infra buys 1.03% stake in Adani Green Energy for ₹2,380 crore: Adani Infra (India) Ltd, a promoter group entity of Adani Green Energy Ltd, has bought 1.03 per cent stake in the company for Rs 2,380 crore, according to block deal data on the NSE. *[Business Standard]*

IRDAI mandates approval at every key ownership threshold in insurers as sector opens up: The Insurance Regulatory and Development Authority of India (IRDAI) has tightened rules governing ownership changes in insurance companies, moving to a regime of continuous regulatory oversight as the sector prepares for higher investor interest and greater consolidation. *[Business Line]*

Corporate Laws Amendment Bill, 2026-What changes for India Inc, investors: From easier mergers and higher thresholds for small companies to stronger audit oversight and digital governance, here's what the proposed corporate law changes mean. *[Business Standard]*

MSMEs and Start-ups

Mint Explainer-How the govt plans to tackle delayed payments to MSMEs with tighter arbitration timelines: A new bill aims to tackle the issue of delayed payments that hinder small businesses in India. It seeks to establish additional state-run dispute resolution centres and enforce strict timelines for arbitration in the MSME sector, which contributes significantly to India's GDP. *[Mint]*

Rajya Sabha passes MSME Amendment Bill, 2026 to tackle delayed payments: The proposed reforms aim to improve cash flow, strengthen legal protections and accelerate payment settlements for micro, small and medium enterprises. *[Business Line]*

FISME seeks GST overhaul to ease MSME compliance: FISME seeks Goods and Services Tax reforms to ease MSME compliance burdens. They propose a safe harbour for input tax credit and faster GST refunds. The organization also advocates for centralized compliance and simplified procedures for businesses. These changes aim to reduce costs and improve certainty for honest taxpayers. *[The Economic Times]*

Microfinance lending dips as uneven monsoon alters the landscape: India's microfinance sector contracted in the first quarter after a previous rebound. Uneven monsoon progress weighed on rural demand and lender caution grew. The sector's portfolio shrank four percent to ₹3.26 lakh crore by June end. *[The Economic Times]*

GetVantage secures Rs 63 cr in Series A1 round to scale Capital Gateway for MSMEs: GetVantage, a B2B fintech platform for MSMEs, on Wednesday announced its latest funding round, securing Rs. 63 crore in hybrid capital (equity+debt). This Series A1 round elevates Mumbai-based GetVantage's total committed funding capacity over Rs. 700 crore, scaling its mission to power and fund small businesses across India. *[The Economic Times]*

Employment and Industrial Relations

India's big test for policymakers-can a crisis of 'jobless growth' be held in check by policy action?: India's youth unrest of recent weeks can be traced in large part to 'jobless growth,' or signs thereof. Economic expansion, even at a fast clip, is not enough—and AI may worsen the employment scenario. Policymakers face a big test that isn't easy to crack. *[Mint]*

States owe ₹1.74 crore to MGNREGA workers in delay compensation-Govt data: Maharashtra, Punjab and Uttar Pradesh accounted for the bulk of compensation due, while all states and Union territories have moved to the new rural employment framework. *[Business Standard]*

How India's contract labour framework is changing: It's evolving into examining the circumstances in which core business activities may be performed through contract labour. *[Business Line]*

Unified Pension Scheme attracted just 4% of NPS subscribers-Government: The Unified Pension Scheme (UPS) has received limited response from central government employees, with only 1.18 lakh workers opting for it by July 19, accounting for 4.3% of NPS subscribers. Introduced in April 2025 after demands for assured pensions, UPS offers a 50% pension guarantee, gratuity benefits and minimum monthly payout of ₹10,000. *[The Economic Times]*

Industrial Finance

IOC raises $500 million under RBI swap window, may tap more funds: Indian Oil Corporation raised $500 million via RBI's concessional swap window and plans more overseas borrowing amid below-market fuel sales and supply diversification due to West Asia conflicts. *[Financial Express]*

Sarvam AI set to raise ₹700 crore in Nvidia-led funding round: Bengaluru-based artificial intelligence (AI) startup Sarvam AI is set to raise ₹700 crore (around $74 million) in an extended Series B funding round led by AI chipmaker Nvidia, according to media reports. *[Business Standard]*

Essar Energy Transition secures $400 million financing from European, UK banks: Essar Energy Transition secured $400 million in financing from European and UK banks. This funding will strengthen its balance sheet and support long-term growth plans. The company's Receivables Purchase Agreement increased significantly to $350 million. *[The Economic Times]*

NaBFID eyes $4 billion via special forex swap facility: NaBFID plans to raise $4 billion under RBI's forex swap facility to fund its Rs 1 lakh-crore infrastructure investment, focusing on renewables and roads, with support from banks and multilateral agencies. *[Financial Express]*

Technology and Innovation

India's data centre boom faces a gridlock on power infra lag: Over $250 billion is being poured into the AI-led data centre expansion in India. But powering this boom may prove to be a challenge, as data centres are seen adding 26.3 GW of demand to the grid by FY32. Can the country's power grid infrastructure take this pressure?. *[Mint]*

Rethinking DPI for the AI age: To make artificial intelligence effective in governance, India must apply Digital Public Infrastructure (DPI) principles to sectoral public systems, creating interconnected knowledge loops that turn everyday operational data into responsive institutional intelligence. *[Financial Express]*

L&T Semiconductor goes local with chip backend, shifts OSAT to India: L&T Semiconductor Technologies (LTSCT), a fabless semiconductor design company (a company that designs chips but outsources manufacturing), is shifting its outsourced semiconductor assembly and test (OSAT) operations from overseas to India. *[Business Standard]*

Jio Financial Services eyes next growth phase with AI and global partnerships: The company is expanding its digital finance ecosystem through AI, strategic partnerships and rapid growth across lending, payments and asset management. *[Business Line]*

AI chipping away at India's outsourcing edge, says World Bank: MNCs, globally-linked firms hiring at a much slower pace than domestic peers as GenAI starts reshaping South Asia's labour market. *[Business Standard]*

Industrial Infrastructure, Clusters and SEZs

Govt considers duty parity for SEZ units on domestic market sales: Proposal under SEZ Policy 2.0 may allow SEZ units to pay duty only on imported inputs used in domestic sales, aligning treatment more closely with DTA manufacturers. *[Business Standard]*

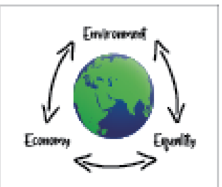
Odisha govt clears Bill to create economic region development authorities: The Odisha Cabinet approved amendments to the ODA Act to enable Economic Region Development Authorities, with the Bhubaneswar-Cuttack-Puri-Paradeep region set to become the first ERDA. *[Business Standard]*

Policy easing captive port berths for pvt players gets Cabinet nod: The revised policy allows capacity expansion at existing captive facilities, extends operational certainty and permits eligible government entities to access berths on a nomination basis. *[Business Standard]*

Uttar Pradesh to build India’s first ‘data corridor’-Rs 6 lakh crore investment to power digital future: To accelerate the development of the proposed Data Corridor, the Uttar Pradesh government has put in place a comprehensive policy ecosystem, anchored by the Uttar Pradesh Data Center Policy 2026. *[Financial Express]*

Govt plans to invest $5 bn to strengthen railway connectivity along borders: The spending, set to unfold over the next 18 months, will help build new tracks, platforms and network strengthening across Punjab, West Bengal, Himachal Pradesh, Rajasthan, Assam and several states. *[Business Standard]*

India plans ₹5,000 crore Northeast push to strengthen border infrastructure: The plan targets roads, schools, hospitals and village connectivity across India's northeast as New Delhi steps up development along the frontier with China. *[Mint]*



Sustainable Industrialisation

New pools of capital emerge for India's net-zero push as investors widen climate bets: India's transition towards its 2070 net-zero target is expected to require significant investments across renewable energy, transmission networks, storage, electric mobility and other low-carbon infrastructure. *[Mint]*

Tata Group's battery unit turns to own tech for making lithium cells: The closely held Agratas Energy Storage Solutions Pvt. is building a pilot production line of lithium iron phosphate, or LFP, cells at its upcoming battery factory in Sanand, Gujarat. *[Business Standard]*

KP Energy inks PPA with GUVNL for 100 MW wind project: Under the terms of the agreement, the project involves an aggregate capacity of 100 MW at an approved tariff of ₹3.435 per unit, with the PPA running for 25 years. *[Business Line]*

Delhi EV registrations hit 2026 high in July after new policy: Electric vehicle registrations in Delhi reached a new high of 10,719 units in July. This surge followed the notification of the Delhi government's new EV Policy 2.0 during the month. The policy offers incentives and tax exemptions to promote electric mobility across the city. *[The Economic Times]*

PM Surya Ghar scheme crosses 50 lakh rooftop solar installations: The PM Surya Ghar scheme has now benefited over fifty lakh households nationwide. This significant milestone reflects rapid implementation of the world's largest rooftop solar program. Nearly nineteen lakh households are now receiving zero electricity bills after subsidy disbursement. *[The Economic Times]*

India's clean energy push must shift from capacity to adoption-Experts: India must now integrate its expanding clean energy capacity effectively. Experts highlight transmission and storage as key integration challenges. Significant solar electricity was curtailed due to grid constraints. The nation requires substantial energy storage for grid stability. *[The Economic Times]*

Sectoral News

India's EV industry to generate up to 40 million jobs by 2030: The EV sector is projected to generate 30-40 million jobs, with 10-15 per cent direct and 85-90 per cent indirect jobs by 2030, the report stated. *[Business Standard]*

Prevention is better than cure-India's pharma industry must build resilience to climate change disruptions: A core strength of India's pharmaceutical industry is its global reputation for reliability. For India to remain the 'pharmacy of the world,' the sector must focus on production dependability in the face of rising climate risks. *[Mint]*

Auto firms comfortable with V2V rollout after longer implementation window: Automobile (auto) manufacturers have welcomed the central government's proposed rollout schedule for mandatory vehicle-to-vehicle (V2V) communication systems, saying the October 2028 deadline gives companies ample time to prepare suppliers and integrate the technology without a sharp increase in vehicle prices. *[Business Standard]*

How reforms revved up India's auto industry over the past 35 years: The 1991 economic reforms transformed the Indian automobile industry from a protected market dominated by a handful of manufacturers into one of the world's largest automotive ecosystems. *[Business Standard]*

Trai proposes QoS norms for 5G network slicing: TRAI proposes new quality of service standards for 5G network slicing to prevent congestion and ensure reliable service, alongside enhanced consumer protection and penalties for violations. Stakeholders can comment by August 26. *[Financial Express]*

New urea policy revives self-reliance push, but demand keeps racing ahead: The Centre's new investment policy could attract up to Rs 1 trillion into urea production, but rising demand, subsidy distortions and weak private participation may keep India reliant on imports. *[Business Standard]*

India targets 874 GW installed power capacity by 2031-32: The government is accelerating investments in generation, storage and grid infrastructure to meet India's rapidly growing electricity demand sustainably. *[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

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