ISID Institute for Studies in Industrial Development
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Industry Matters

Weekly Updates

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Economy, Industry and Policy

Incomplete 1991 reforms failed to foster India's industrialisation-Nayyar: Nayyar speaks about the vulnerabilities in India's reform journey and what needs to be done to realise its demographic dividend and avoid the middle-income trap. *[Business Standard]*

The Growth Surprise-Another blockbuster GDP print for India: India's economy has shown resilience despite tariffs and the West Asia conflict, with strong domestic demand, healthier balance sheets and investment supporting growth. *[Business Standard]*

Refocus PLI towards exports: Industrial policy is back. Countries around the world are using a variety of instruments to foster specific industries. An extensive historical review shows that over the past 25 years, industrial policy, or IP1, has been alive and well all over the world, and especially in the richer Organisation for Economic Co-operation and Development countries. *[Business Standard]*

India services PMI rises to 54.1 in August; job growth at 15-month high: Business activity strengthened in August as new orders rose faster and services hiring reached a 15-month high, while input cost inflation remained moderate and charge inflation quickened. *[Business Standard]*

FCNR inflows may delay rate hikes, but banks face margin pressure: Foreign currency inflows have eased financial conditions for the Reserve Bank of India. This temporary relief allows the central bank to delay interest rate hikes. However, rising inflation and global interest rates present renewed risks. Increased liquidity has boosted credit growth, but it is mostly for short-term needs. *[The Economic Times]*

GST Council to hold 57th meet on Sept 12 with ITC, simplifying the GST corporate guarantees & more on agenda: The GST Council will meet on September 12 to discuss key reforms. Proposals include easier input tax credit access for buyers and simplified corporate guarantee treatment. Small businesses may soon register in multiple states for easier compliance. *[The Economic Times]*

Govt reforms, agile economic management bearing results-Nirmala Sitharaman on 7.8 pc Q1 GDP growth: India's real GDP grew 7.8 percent in the April-June quarter. This performance exceeded the Reserve Bank of India's earlier growth forecast. Finance Minister Nirmala Sitharaman credited the people and government reforms for this success. The government remains committed to expanding economic opportunities for all citizens. *[The Economic Times]*

Growth beats war blues-Investments, services, exports drive strong economic expansion: India's economy grew 7.8% in Q1 despite West Asia war impacts, driven by strong investment, resilient services, exports, and government capital expenditure, exceeding forecasts and boosting growth outlook. *[Financial Express]*

Growth momentum strong but external risks persist-CEA: India's economy shows strong resilience with robust GDP growth of 7.8% in Q1, driven by domestic demand, exports, and investment, despite global challenges and geopolitical risks, says Chief Economic Adviser Anantha Nageswaran. *[Financial Express]*

From BoP crisis to record reserves, RBI's forex strategy pays dividends: That swing has been made possible by a shift in forex management policy that was forged in the fire of the balance-of-payments crisis of 1991. *[Business Standard]*

Govt achieves 78% of FY27 divestment, asset monetisation target in Apr-Aug: More than half of the disinvestment proceeds came from the 6.5 per cent stake sale in Life Insurance Corp (LIC) which garnered ₹31,515 crore. *[Business Standard]*

Govt mops up more than 3/4th of BE under Miscellaneous Capital Receipts: With successful completion of LIC and other OFS, government managed to collect over 3/4th of the budget estimates under Miscellaneous Capital Receipts (MCR) in first five months of the fiscal year. *[Business Line]*

Investments drive industrial activity amid subdued consumption, IIP grows 6.3% in April-July: Industrial activity in India is reviving in the current financial year despite global and geopolitical challenges, with the Index of Industrial Production (IIP) growth averaging 6.3% in the first four months of FY27, higher than 4% in the same period last year. *[Financial Express]*

India's diaspora deposit flows surpass $100 billion: Inflows under the Reserve Bank of India's special overseas deposit facility have topped the $100 billion mark, the Financial Express newspaper reported Wednesday, citing officials it did not identify. *[Business Line]*

Decoding DGFT's INR settlement rules and Customs re-export deadlines: DGFT's latest notification aligns INR export proceeds with foreign-currency realisation, while Customs clarifies when the six-month re-export clock begins. *[Business Standard]*

RBI's forex swap window draws $136.37 billion, FCNR (B) leads inflows: FCNR(B) deposits accounted for $127.22 billion of the total inflows, while overseas foreign currency borrowings added $5.26 billion and ECBs $3.89 billion. *[Business Standard]*

Foreign Investment

Piyush Goyal sees tremendous scope to improve FDI processes: Commerce Minister Piyush Goyal highlights opportunities to streamline foreign direct investment (FDI) processes in India, focusing on easing downstream investments, faster approvals, and exploring new trade agreements. *[Financial Express]*

Govt considering easing FDI norms in defence sector: DPIIT is holding stakeholder consultations on liberalising norms that currently allow up to 74% foreign investment through the automatic route. *[Business Line]*

India working on FDI clarifications for foreign money from its land-border neighbours: India is clarifying foreign direct investment rules for bordering nations. These clarifications will guide investors from countries sharing land borders. New Delhi updated procedures for processing investment applications from these geographies. Investors must provide extensive details on shareholding and ownership structures. *[The Economic Times]*

India's growth story drawing global investor attention, but policy predictability key to unlocking more FDI-USIBC Prez Atul Keshap: Global investors are reassessing India's economic prospects due to its strong growth. US investors see confidence boosted by India's infrastructure and reforms. More regulatory opening is needed to attract greater foreign direct investment. Policy predictability is crucial for attracting large, long-term capital commitments. *[The Economic Times]*

Trade Policy and Competitiveness

AEPC urges Commerce Minister to consider measures to regulate cotton yarn export: This is due to the sharp increase in yarn prices and the growing pressure on the competitiveness of India's apparel export industry. *[Business Line]*

GTRI calls for review of quality control orders to ease trade barriers: Mandatory quality certification under these orders raises costs, hurts MSMEs and makes goods more expensive, the Global Trade Research Initiative said. *[Business Standard]*

India eyes pharma, farm market access into Argentina as bilateral trade crosses $6.5 bn: India and Argentina will advance farm and pharmaceutical market access in the coming months — with technical talks underway gaining momentum on Friday. *[Financial Express]*

India sends its Fab 4 across the world to woo trade, tech, energy and capital: India engages key partners, focusing on border management and energy security. Discussions with China now include investment alongside boundary talks. Russia talks address energy supplies and a widening trade imbalance. *[The Economic Times]*

Exim Matters-India needs higher cargo volumes to attract sailings: India's exporters and importers face soaring freight costs and shipping disruptions, but subsidies may not be the answer as global shipping undergoes a technology transition. *[Business Standard]*

Think tank GTRI calls for review of quality control orders: Mandatory quality certification under these orders raises costs, hurts MSMEs and makes goods more expensive. *[Business Line]*

Deepening trade ties, FTA utilisation key to India's USD 1 trillion export target- CII's Sanjay Budhia: India aims for one trillion dollars in exports by 2026-27. This ambitious goal requires significant growth in both goods and services. Deepening engagement with current partners is crucial for reaching this target. *[The Economic Times]*

India-Sacu pact could reshape New Delhi's emerging-market trade strategy: The proposed preferential trade agreement could open new export markets, diversify critical mineral supplies and test whether calibrated deals with developing economies can complement India's recent. *[Business Standard]*

Corporate Governance

CSR-Where does the money go?: In July 2026, a report delivered a triumphant headline: 'India Inc's corporate social responsibility (CSR) spending hit a record ₹40,794 crore in 2024-25, up 17 per cent on the year before'. More companies are giving than ever, and a larger share of the money is going straight into projects rather than into government funds. *[Business Line]*

Tata Trusts get relief in complaint over 1989 Tata Sons share transfer: Maharashtra Charity Commissioner says no further inquiry is warranted into the transfer of 833 shares from NRTT to Naval Tata. *[Financial Express]*

Hero MotoCorp invests ₹1,758 crore to acquire more stakes in Ather: The transaction is expected to close by September 3, 2026, and does not require any governmental or regulatory approvals, according to the filing, it added. *[Business Line]*

Mergers and acquisitions offer India Inc an opportunity but success hinges on execution in line with a business strategy: India Inc's record shows why companies that pursue inorganic growth must also strengthen innovation, technology, talent and operational excellence. Integration is where value gets created when scaling up rapidly through acquisitions. *[Mint]*

Tata Motors secures all regulatory approvals for €3.8 billion Iveco Group acquisition: Tata Motors has secured all necessary regulatory approvals for its acquisition. The company's subsidiary obtained prior authorisations under the sectoral regulatory framework. Final clearance came from the European Central Bank for financial services businesses. *[The Economic Times]*

MSMEs and Start-ups

IndiGo Ventures invests in AI firm Sarvam as part of Series B round: IndiGo and Sarvam are working on AI applications for customer service, employee productivity and airline operations, with successful use cases set to be scaled up. *[Business Standard]*

MSME lending moves from sachetisation to personalisation-Lentra's Ankur Handa: India's financial framework is undergoing a significant evolution as digital resources, advanced data analytics, and innovative technology pave the way for broader credit opportunities, particularly benefiting MSMEs. *[The Economic Times]*

The next startup revolution is already happening in rural India: Bharat's next generation of founders will not be raised in glass office towers. They will be raised in district headquarters and village markets. *[Mint]*

MSMEs must scale, innovate and go global to power India's growth-Rajnath Singh: Union Defence Minister Rajnath Singh on Tuesday said micro, small and medium enterprises (MSMEs) will be a critical pillar of India's economic growth and self-reliance, asserting that the country cannot depend solely on large corporate houses to achieve rapid and inclusive development. *[The Economic Times]*

Employment and Industrial Relations

Rising fuel prices push gig workers towards fixed-pay, lower-cost jobs: Gig workers are now more selective about jobs due to rising operating costs. Many are shifting to roles offering predictable earnings or lower expenses. Employers are expanding incentives and EV-linked opportunities to attract delivery workers. Job postings for electric vehicle roles and fixed-pay positions have seen significant growth. *[The Economic Times]*

NPS rules changed-PFRDA orders scheme revamp, new risk categories: Pension funds must align existing offerings with a common framework, while subscribers could see scheme mergers, restructuring and clearer disclosures. *[Business Standard]*

Worker shortages hit 61% of auto suppliers even as EV shift promises 7.2 million jobs: India's auto industry risks building its next generation of EV, battery and component factories faster than it can train the people needed to run them, potentially constraining production, pushing up manpower costs. *[Business Line]*

Industrial Finance

Small finance banks' asset quality set for recovery as GNPAs seen falling to 2.8% by March 2027-Crisil: Asset quality at small finance banks (SFBs) is expected to improve this fiscal, driven by a recovery in the credit performance of the microfinance portfolio, alongside continued growth in, and a rising contribution from, the non-micro finance portfolio, where asset quality is expected to remain stable, according to Crisil Ratings. *[Business Line]*

Ola Electric gets ₹95.8 crore PLI boost as it works to cut cash burn: The latest PLI sanction gives Ola Electric incremental liquidity as the company works to lower operating losses and reduce cash consumption. *[Business Standard]*

NIIF raises $2 billion towards Infra Fund 2's first close, largest till date: NIIF has raised ₹19,000 crore for the first close of Fund II and is targeting $3.2 billion. The fund will expand beyond core infra into EVs and urban infrastructure, with $950 million for co-investments. *[Mint]*

Banks seek CRR cut on green deposits to boost green lending in India: In a bid to boost climate and transition finance, banks are pressing for a lower cash reserve ratio for green deposits. Presently, estimates show that these deposits fall short of the necessary critical mass. A decreased CRR could significantly cut funding expenses and unlock capital for loans, as India strives for substantial investments to fulfil its net-zero goals. *[The Economic Times]*

India is getting better at financing proven green technologies but is trailing on innovations for the future: India's green transition isn't short of finance but new clean-tech development mustn't starve. The country risks spending billions of dollars deploying mature technologies while staying dependent on tech developed elsewhere. *[Mint]*

Technology and Innovation

Semicon 2.0-Govt notifies ₹1.27 lakh crore scheme to boost chip ecosystem: The scheme has been divided into six segments covering designing of chips by Indian firms, setting up units for capital equipment required for chip production, semiconductor fabs, chip assembly, packaging and testing, etc. *[Business Line]*

India is an inventive country, yet too many innovations die prematurely. Let's prevent that: It is often suggested that Indians are incapable of coming up with innovative products. That's not true. The case of India's Simputer explains why novel ideas don't get far. An invention is one thing, scaling up for commercial success quite another. *[Mint]*

Cashfree rolls out AI agents for merchants to automate payment operations: Cashfree is targeting Rs 20,000 crore in lost GMV through AI agents that can follow up on abandoned carts, retry failed payments and manage disputes. *[Business Standard]*

NPCI to let users port UPI AutoPay mandates across apps: Consumers will be able to shift existing AutoPay mandates to another UPI app instead of cancelling and recreating subscriptions, insurance premiums, SIPs or loan repayments, while merchants will be able to move existing mandates to another payment provider when they switch gateways. *[Mint]*

Coforge launches AI Launchpad for enterprise open-weight AI infrastructure: The offering brings together platform and managed services to help organisations address talent shortages, fragmented infrastructure and governance requirements. *[Business Line]*

India's consumer-protection framework has an AI blind spot: The Consumer Protection Act, 2019, India's key consumer-protection law, which provides remedies for defective goods and deficient services, was not drafted specifically with AI in mind. *[Mint]*

Industrial Infrastructure, Clusters and SEZs

India's PE/VC investments rise 52% in July to $4.1 billion: Large transactions accounted for 68% of July's investment activity, while infrastructure emerged as the leading sector for PE/VC investments. *[Business Line]*

India's installed power capacity projected to surpass 2,000 GW by 2047: India's power capacity is projected to surpass 2,000 gigawatts by 2047, with solar significantly leading this clean energy expansion, reaching over 1,100 gigawatts. Grid-scale storage must increase forty-fold to meet future renewable energy integration needs. *[The Economic Times]*

Centre may offer interest subvention for e-bus, e-truck charging infrastructure: The heavy industries ministry is weighing interest subvention for charging infrastructure alongside its proposed ₹9,852 crore financing scheme for electric commercial vehicles, as high upfront costs and a shortage of high-powered chargers slow adoption. *[Mint]*

NHAI gets 17 bids for ₹8,300 crore Odisha coastal highway project: In a significant development, the National Highways Authority of India has received an overwhelming response for its new coastal highway project, which will stretch 160 kilometers from Rameshwar to Paradeep in Odisha. With ten proposals for Package-I and seven for Package-II, this ₹8,300.79 crore initiative is expected to create a wealth of employment opportunities while facilitating quicker access to major tourist attractions. *[The Economic Times]*

Sumadhura Group enters Chennai with a 52-acre Grade A Industrial & Logistics Park with ₹400 crore investment: Sumadhura Group, the Bengaluru-based real estate group, has forayed into Chennai with a Grade A built-to-suit industrial and logistics park in Red Hills, North Chennai, along the Chennai Peripheral Ring Road (CPRR). Backed by an investment of ₹400 crore, the project is spread across 52 acres, the project will offer 1.2 million sq. ft. of warehousing space, generate around 2,500 employment opportunities and is to be completed by December 2028. *[Business Line]*

Sustainable Industrialisation

Solar heat-A market waiting to be created: For these industries, their operating costs would be substantially lower if they used solar thermal systems, as solar radiation is free unlike diesel and gas. *[Business Standard]*

Extend green financing facility to nuclear energy-NITI member: To achieve its 100 GW nuclear capacity target by 2047, India must review its green bond and deposit frameworks to include nuclear energy and address a $228 billion funding requirement. *[Financial Express]*

Tata Power Renewable Energy commissions 100 MW solar project in Tamil Nadu: Tata Power Company subsidiary Tata Power Renewables' Utility (TPREL) announced the commissioning of its 100-megawatt group power solar project in Tamil Nadu. With its execution, TPREL's portfolio stands at 12.3 gigawatts. *[Financial Express]*

Renewables accounted for a record one-fifth of India's power generation in July: In a significant development that further strengthens India's green energy push, renewables accounted for a record 20 per cent or one-fifth of the country's cumulative power generation during July 2026. *[Business Line]*

Gopalpur Industrial Park set to drive Odisha's green push with Rs 65,000 crore investment pipeline: Gopalpur Industrial Park in Odisha has attracted a cumulative investment pipeline of over Rs 65,400 crore across green hydrogen, renewable energy equipment, chemicals, tyres and other sectors. Proposed projects include a 0.4-million-tonne green ammonia plant and Tata Power's Rs 10,000-crore solar ingot and wafer manufacturing facility at the industrial park. *[The Economic Times]*

Renewable energy projects can now store and sell curtailed power using co-located battery systems: The renewable energy landscape is evolving as the power ministry allows the storage of curtailed electricity from renewable projects. This stored energy can be harnessed to charge on-site battery systems, enabling developers to independently sell this surplus power via power exchanges. *[The Economic Times]*

Sectoral News

Maruti to invest Rs 77,500 crore by FY31, bets on small cars: Maruti Suzuki will invest Rs 77,500 crore between FY27 and FY31 as the country's largest carmaker prepares for higher vehicle demand, with the spending earmarked for capacity expansion, new models, research and development, plant maintenance, sales and marketing infrastructure, carbon-reduction measures and logistics. *[Financial Express]*

Shipping ministry retains relaxations for foreign ships in coastal trade, Indian vessels to face continued competition: The Shipping Ministry restores relaxations allowing foreign-flagged vessels to carry specified categories of cargo between Indian ports, opting for continuity amid geopolitical disruptions and capacity constraints in global shipping. *[Business Line]*

GST 2.0 gives auto, economy a fresh gear; India car market seen at 6.3 million by 2031-Maruti Chairman: Maruti Suzuki Chairman RC Bhargava credits GST reforms for economic impetus and growth. The Indian car industry is projected to reach 6.3 million units by 2031. Small car market share is expected to grow significantly faster than previously observed. *[The Economic Times]*

Medical device sector to touch $50 billion by FY30 but funding gaps remain: Pharma dept.: Gaps in funding and regulatory challenges hinder the growth of India's medical device sector, with domestic manufacturers facing high costs, supply chain issues, and reliance on imports despite fast market growth. *[Financial Express]*

Auto PLI scheme draws Rs 45,477 crore investment, creates 67,000 jobs-Union Minister HD Kumaraswamy: The auto PLI scheme has attracted Rs 45,477 crore investment and created over 67,000 jobs. Government enhanced electric two-wheeler scheme outlay by Rs 1,000 crore to Rs 11,900 crore. Over 25 lakh electric two-wheelers and other vehicles have already received support. *[The Economic Times]*

India eyes a global play after changing China's toy story at home: India is seeking to raise its global toy market share from under 1% to 5% by 2032, after higher import duties, safety standards and government support helped domestic manufacturers challenge Chinese imports. Toy exports reached $186 million in FY26. *[The Economic Times]*

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