ISID Institute for Studies in Industrial Development
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Industry Matters

Weekly Updates

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Economy, Industry and Policy

Why out-of-pocket school expenditure should be a requirement of a revised poverty standard for India: Private coaching creates an 'education poverty' that a calorie-based poverty line can't see. Official surveys show how this affects the poorest segments of society the most. India needs a poverty standard that defines a minimum education bundle of schooling and tuition that is affordable. *[Mint]*

Banks to plough back UPI MDR gains into tech, security, merchant expansion: SBI, Axis Bank and Bank of Baroda plan to reinvest proceeds from the proposed UPI MDR levy in technology, security, infrastructure and merchant expansion rather than boost profits. *[Business Standard]*

Ten years after demonetisation, puzzles persist between cash and clicks: A decade after demonetisation, digital payments have surged, but cash has returned to circulation, highlighting India's cash paradox. *[Business Standard]*

What explains credit growth in a sluggish job market?: There is a confluence of factors at play driving credit growth from rising consumer demand to surge in industrial credit for select major infrastructure ventures and capital-guzzling semiconductor projects. *[Financial Express]*

A question of tax policy: India's growing capital markets and increasing retail investors highlight economic success, sparking debate on long-term capital gains tax reform to boost investment, liquidity, and economic growth. *[Financial Express]*

DPIIT seeks Fillip for local mfg of 100 goods in budget: DPIIT has examined 500 heavily imported products to identify opportunities for boosting domestic manufacturing. The department plans to share its findings with the finance ministry for the FY28 budget recommendations. *[The Economic Times]*

West Bengal's new investment policy wins industry praise for jobs, innovation and ease of doing business: Mehul Mohanka, Chairman, CII Eastern Region said, "The policy is a progressive and forward-looking framework that reinforces the State's commitment to industrial growth and advanced manufacturing and sends a strong signal to investors. *[The Economic Times]*

Scrap, cut or tweak? Centre weighs options on LTCG, STT to stem foreign investor exodus: The Centre is weighing proposals to scrap or lower long-term capital gains tax and recalibrate securities transaction tax as it seeks to address foreign investor outflows. Market participants have favoured scrapping LTCG on equities and selectively raising STT on options, while regulators are understood to support removing LTCG to attract overseas capital. *[The Economic Times]*

Post-1991 reforms left India short on manufacturing, growth and jobs: The year 1991 is seen as a key point of transition in the Indian economy, from its earlier preference for the public sector to the promotion of the private sector. A popular explanation for this change is the removal of the industrial licensing Act in 1991. *[Business Standard]*

Govts investing heavily in bioeconomy; India best example of demand, supply growing together-WEF: The report also called for policy portfolios that are designed to create demand, address specific commercialisation barriers and generate evidence from the outset. *[Business Line]*

Why Union Budget 2027-28 should focus on resilience and reform: To serve India's Viksit Bharat goals, the budget would need to strengthen fiscal credibility, build cushions against shocks and make growth job-rich. Here's how the budget can deliver on these priorities. *[Mint]*

India's manufacturing need not stop at the coastline: Five states produce over half of manufacturing output. Industrialisation should take capital to labour, not the reverse. Widen PLI scope to state. *[Mint]*

Key challenges for economy-How inflation, El Nino & $90 oil risk India's growth outlook: Crude oil is currently around $90 per barrel, and the rupee too has seen some appreciation in the near-term. But can these two sustain at levels condusive for India? *[Financial Express]*

RBI issues new domestic money transfer guidelines, retains Rs 50,000 NEFT remittance limit: The Reserve Bank of India has issued new guidelines for domestic money transfers in India. It allows customers to remit up to Rs 50,000 through NEFT at bank branches. Meanwhile, cash pay-out services are capped at Rs 10,000 per transaction and Rs 25,000 monthly per beneficiary. *[The Economic Times]*

Ideas of 1991 reforms started emerging by the late 1970s-Nitin Desai: Nitin Desai says India's reform ideas predated 1991, but the bigger challenge now is boosting manufacturing and new businesses to create jobs and move workers out of agriculture. *[Business Standard]*



Foreign Investment

Inward FDI to ODI ratio narrows to 4.2 times in FY26 from 5.5 times-RBI: The RBI's annual census shows a narrowing gap between inward FDI and overseas direct investment, with the US emerging as the largest source of outstanding FDI in India. *[Business Standard]*

Odisha eyes fresh Japanese investments, trade, tourism and tech tie-ups: The largest-ever Japanese delegation to Odisha will explore industrial partnerships, with a cooperation agreement and institutional MoUs expected to strengthen bilateral ties. *[Business Standard]*

PSBs see up to Rs 30,000 crore in foreign inflows if investment cap raised to 49%: Public sector banks have told the government that raising the foreign investment cap to 49% from 20% could attract passive foreign inflows of Rs 30,000 crore or more. SBI alone could draw around Rs 20,000 crore as its weightage in the MSCI India index potentially rises, lenders have projected. *[The Economic Times]*

ESAF SFB exploring foreign strategic investments-MD & CEO: ESAF Small Finance Bank is seeking foreign strategic investors to reduce promoter shareholding and comply with norms, while boosting capital and planning for a universal banking license by FY28. *[Financial Express]*



Trade Policy and Competitiveness

DGTR initiates anti-dumping probe into aluminium extrusion imports: The DGTR will investigate aluminium extrusion imports from China, Malaysia, Vietnam and Thailand, which account for about 90 per cent of imports, amid allegations of injury to local firms. *[Business Standard]*

India, EU step up tech and investment ties ahead of landmark trade pact: Ahead of the proposed free trade agreement next month, India and the EU agreed to deepen cooperation in trade, investment, semiconductors, quantum technology and biotechnology. *[Business Standard]*

DPIIT may seek budget measures to buttress import substitution: The government plans measures in the Union budget to boost domestic manufacturing of key intermediate products and capital goods, reducing import dependence and strengthening supply chain resilience. *[Financial Express]*

Higher US yields could push India towards export-led growth-SBICAPS: The research notes that India's economic fundamentals remain relatively stable, supported by anchored inflation, gradual fiscal consolidation and an improving sovereign credit profile. *[Business Line]*

Govt pushes exporters to step up marketing in FTA countries, tap schemes for global outreach: Commerce Ministry strategises with industry to organise large trade fairs, exhibitions in partner countries, with a focus on helping MSMEs leverage new market access. *[Business Line]*

Sustainable development: Why India must define its own vision of what it means to attain it: Sustainability is not alien to Indian thought and the country need not accept the vision that developed countries impose on it. Here's why India must own its idea of sustainability and negotiate more meaningful provisions in its free trade agreements. *[Mint]*

Centre bans export of Li-ion battery waste, scrap to boost domestic recycling and critical mineral recovery: India has imposed an immediate ban on the export of lithium-ion battery black mass to strengthen its local recycling ecosystem. This decision aims to enhance domestic recovery of critical minerals, such as lithium and cobalt, which are vital for technology and energy sectors. *[The Economic Times]*



Corporate Governance

Blackstone set to become key investor in IIFL Finance with 15% stake: IIFL Finance promoters Nirmal Jain and R Venkataraman will invest ₹1,200 crore alongside Blackstone's proposed ₹5,000 crore investment. *[Business Standard]*

Don't force Tata Sons' listing: Finance Minister Nirmala Sitharaman addresses Tata issue, emphasizing the significance of preserving Tata Sons' unique legacy against forced listing pressures that threaten its philanthropic and economic roles. *[Financial Express]*

Foreign regulators' data requests put companies in a legal bind: Overseas regulators want data that sits in India, and companies are checking with lawyers before they hand any of it over. The stakes rise in May 2027, when the cross-border rules under India's data-protection law take effect. *[Mint]*

Regtech could eventually help enable legal compliance—but first we must be able to understand how AI works: A breakthrough in figuring out how artificial intelligence (AI) models reach an answer could help keep regulatory repositories updated even with obligations arising from judicial pronouncements. Till that can be done at scale, today's repositories should be designed keeping that eventuality in mind. *[Mint]*



MSMEs and Start-ups

No More Zeroes-Govt plans to extend ZED certification scheme to services sector MSMEs: In a significant move, the Indian government is widening its Zero Defect Zero Effect certification initiative to include service

enterprises in the MSME sector. This strategy will target key industries like transport, hospitality, and healthcare with approximately 20 predefined quality metrics. *[The Economic Times]*

PHDCCI seeks 180-day NPA window for MSMEs, higher MUDRA loan limits: In its pre-Budget proposals for FY28, the industry body has sought a longer NPA classification window, higher MUDRA loan limits and stronger credit support for MSMEs. *[Business Standard]*

Women hold 2/3rd of Mudra accounts, get only 43% of fund disbursed: Government data shows women held 370.7 million Mudra accounts but received only 43 per cent of disbursements, with average loan amounts far lower than those for other borrowers. *[Business Standard]*

AI adoption creates new market for compliance startups: As companies step up the deployment of artificial intelligence (AI) across business operations, a new market is emerging for startups offering tools to manage the risks associated with the technology. *[Financial Express]*



Employment and Industrial Relations

ILO working on study to map gender wage gap in India via detailed analysis: ILO study to examine India's gender wage gap, focusing on pay discrimination, workplace practices and differences in job roles and designations. *[Business Standard]*

Job scheme to save Rs 50,000 cr in savings? Why is VB-G RAM-G seeing tardy takeoff: Going by the tardy progress in the first four months of the rollout of the Viksit Bharat–Guarantee for Rozgar and Ajeevika Mission (Gramin) (VB-G RAM-G), the Centre may save around Rs 50,000 crore, as mandatory cost-sharing by states and tighter norms to plug misuse have slowed its offtake. *[Financial Express]*

EPFO total contributions expected to rise by 25% in 2027-28 due to wage ceiling increase: EPFO is forecasting a major increase in its total contributions for the financial year 2027-28. The wage ceiling has been raised to ₹25,000 from ₹15,000, effective September 17. Total contributions for the current year are estimated to exceed previous budgeted amounts significantly. *[The Economic Times]*

Odisha scraps pension quota system, adds over 500,000 beneficiaries: The state government has abolished the quota-based pension system, expanding coverage under the Madhu Babu Pension Yojana to 4.18 million beneficiaries with an additional ₹625 crore annually. *[Business Standard]*

Unemployment dips slightly to 5.1% in July-September-Govt survey: India's unemployment rate for people aged 15 years and above fell to 5.1% in July-September 2026 from 5.4% in the previous quarter, driven by a decline in rural joblessness, the PLFS showed. *[Business Standard]*



Industrial Finance

Debt drives overseas fundraising by Indian companies to 7-year high: Overseas fundraising by Indian companies has surged to a multi-year high, driven by debt issuances and RBI measures to ease foreign borrowing costs. *[Business Standard]*

NTPC submits two coal gasification proposals under Centre's ₹37,500-crore scheme: The Ministry of Coal has invited fresh applications from eligible companies, setting January 11, 2027, as the deadline for submitting proposals. *[Business Line]*

Vidyuta gets nod for cathode active material manufacturing capacity under ECMS: The project involves a total capital investment of ₹500 crore, of which up to ₹125 crore, or 25%, is supported through a capex-linked incentive under the scheme for commercial scale-up. *[Business Line]*

Cabinet approves continuation of credit guarantee funds for micro units under Mudra, Stand-Up Schemes: To boost entrepreneurship and job creation, the Union Cabinet on Wednesday approved continuation of credit funds for micro units under Pradhan Mantri Mudra Yojana (PMMY) and for Stand-Up India. These funds will now be available till March 31, 2031. *[Business Line]*



Technology and Innovation

Govt likely to push for use of domestic AI models in critical sectors: The government may ask critical sectors such as defence and aerospace to prioritise indigenous AI models and avoid using frontier systems developed by foreign companies. *[Business Standard]*

The great IT reset-IT firms must embrace AI or face shrinking margins: IT services firms have to think beyond labour arbitrage and deliver more AI-led services or live with a shrinking pie of legacy tasks and lower margins. *[Business Standard]*

India focused on becoming AI application capital of the world-Ashwini Vaishnaw: India is on a mission to become the global hub for artificial intelligence applications while also enhancing its semiconductor industry. With the launch of the Semicon 2.0 Web Application Portal, only well-prepared semiconductor enterprises will have their applications considered. *[The Economic Times]*

Inside India's Rs 10,372 crore AI push to reduce Silicon Valley reliance: India rolls out three homegrown AI models under its ₹10,372 crore mission to cut foreign tech reliance; see how funding and GPU use stack up. *[Financial Express]*

HFCL secures Rs 834 crore export orders, eyes AI data centre demand: Telecom gear maker HFCL has announced an export order worth approximately Rs 834.36 crore. This order is for supplying optical fibre cables to an unnamed international customer. The completion of the order is projected by June 2027, reaffirming client confidence in the company's capabilities. *[The Economic Times]*



Industrial Infrastructure, Clusters and SEZs

Central PSUs pledge ₹2 trn investment in UP's thermal, clean energy sectors: The investment commitments have been made by marquee PSUs including NTPC Limited, IOCL, NPCIL, Coal India, BPCL etc. *[Business Standard]*

Battery production push faces a reality check: India's battery storage manufacturing faces a major gap with only 22% operational capacity and just 8% for battery cell production, increasing reliance on imports amid rising EV demand and government incentives. *[Financial Express]*

India may lower shipbuilding subsidy localisation threshold to 20% to attract foreign investors: The government is considering lowering the minimum domestic-content threshold for shipbuilding incentives from 30% to 20%, with a full subsidy payout linked to 40% localisation. The proposed relaxation, conditional on firm investment milestones, could benefit South Korea's HD Hyundai, which plans a $4 billion greenfield shipyard in Tamil Nadu. *[The Economic Times]*

Chatroom-Clearing doubts on SEZ drawback claims and EOU job work: Experts clarify SEZ drawback procedures, the scope of newly amended rules and compliance requirements for EOUs sending imported raw materials for job work. *[Business Standard]*

Adani Group plans to invest over $120 billion across businesses in next five years: The proposed spending will span the conglomerate's infrastructure operations and emerging platforms, with energy accounting for the largest share. *[Business Line]*

BHEL bags up to Rs 900 cr Power Grid order for Gujarat renewable energy project: Bharat Heavy Electricals (BHEL) has received an order worth Rs 600 crore to Rs 900 crore from Power Grid Corporation of India for setting up synchronous condensers in Gujarat. *[Financial Express]*



Sustainable Industrialisation

India's wind energy additions projected to touch 8 GW in FY26-27; Scale progressively to 13.2 GW by FY30-31: India's wind energy sector is poised for significant expansion, with annual installations projected to reach 13.2 GW by FY30-31. The current capacity stands at 59.2 GW, with an additional 43 GW under construction. Government officials emphasize ongoing policy support and increased project visibility as critical factors for growth. *[The Economic Times]*

India's renewable energy capacity to reach 530 GW by 2030, solar to drive growth: Competitive auctions, supportive policies, falling technology costs and rising industrial demand are expected to underpin India's renewable energy expansion over the next five years. *[Business Line]*

ReNew commits ₹29,500 crore for two Andhra Pradesh clean-energy projects: The company has proposed a 2 GW pumped storage project worth ₹12,500 crore and a ₹17,000 crore green ammonia and e-fuel project in the state. *[Business Standard]*

India's wind industry must move beyond turbines to integrated power solutions- GWEC: India's wind energy companies are encouraged to offer integrated solutions that include wind, solar, and battery storage. This shift is crucial as the country aims to reach its 2030 target of 100 GW of wind capacity. Improved policies and auction designs are helping, but coordination between agencies poses challenges. *[The Economic Times]*

India's net-zero transition aim by 2070 offers $22.7 tn investment opportunity for global capital: India's push to achieve net-zero emissions by 2070 could unlock a $22.7 trillion investment opportunity across renewable energy, power grids, battery storage, green hydrogen and clean technologies, according to a report by Australian economist Nicki Hutley. The report estimates a $6.5 trillion funding gap, which will require international capital to bridge. *[The Economic Times]*

India moves to set standards for hydrogen-powered trucks: Decarbonising freight transport is important because diesel trucks account for around 5% of India's vehicle fleet but contribute 34% of the transport sector's carbon emissions. *[Mint]*

India's three-wheeler market takes an electric turn, with one in two new sales now EVs: Electric three-wheelers are increasingly popular in India, with sales significantly rising and concerns about fossil fuels decreasing. Mahindra Last Mile Mobility now produces a large number of e-rickshaws to meet growing demand. Drivers like Afroz Alam have reported substantial savings after switching from gas-powered models to electric versions. *[The Economic Times]*



Sectoral News

India's fertiliser subsidy needs reform beyond digital verification: The objective should be to improve targeting without making access to an essential agricultural input conditional on the perfection of land records. *[Business Standard]*

₹7,000 crore bulk-drug scheme in the works to boost value chain: New ₹7,000 crore scheme may extend incentives to existing plants, adopt a platform-based approach and boost R&D in bulk-drug manufacturing. *[Business Standard]*

Rare earths to tungsten-Which critical minerals are up for auction in govt's latest round?: The 20 blocks across eight states contain minerals such as graphite, vanadium, gallium, rare earth elements, bauxite, potash and tungsten. *[Financial Express]*

Govt eyes 3 equipment, 5 material firms for ISM 2.0: The government aims to attract three major semiconductor equipment manufacturers and five chemicals and gases companies to India under ISM 2.0, boosting the semiconductor ecosystem and investment opportunities. *[Financial Express]*

Government plans to empower TRAI to penalise telecom operators flouting rules: The government is addressing issues related to Trai's authority to penalise telecom operators for violating rules. Complaints about pesky calls and SMS have surged, reaching over 20.75 lakh in just the first half of this year. *[The Economic Times]*

India's chemical industry set for strong growth, global market expansion amid investment push: The chemical and petrochemical industry supplies essential inputs to several key sectors, including pharmaceuticals, textiles, construction, automobiles, electronics and consumer goods. *[Business Line]*

Boost for Make in India-TACC gets Rs 609 cr incentive under Electronics Component Manufacturing Scheme: TACC, a wholly owned subsidiary of HEG Advanced Materials, has received approval for an incentive of Rs 609.50 crore under the government's Electronics Component Manufacturing Scheme (ECMS) for its synthetic graphite anode material project in Dewas, Madhya Pradesh. *[Financial Express]*

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