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ASSOCHAM India Monitor

(AIM Weekly)

--------------- Vol. 5/Issue 1 ---------------

A comprehensive weekly tracker of India's macroeconomic indicators

GDP GROWTH

INFLATION

INDUSTRIAL OUTPUT

- Top Economic Developments
- State Developments
- Top Statistics
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- ASSOCHAM Analysis

US cuts India tariff from 12.5% to 10% after forced labour probe; Trump revises levies for 60 countries

India will face a new 10 per cent US tariff after Washington reduced the duty proposed under its forced labour investigation, as President Donald Trump moves to reshape his global trade barriers by imposing fresh levies on 60 economies, the Financial Times reported. The United States had initially proposed a 12.5 per cent additional tariff on imports from India after examining whether the country had adequate measures to prevent goods made using forced labour from entering global supply chains.

Reserve Bank of India gets govt's nod to issue ₹10, ₹20 polymer banknotes

The RBI, with the recommendation of its Central Board, had sent a proposal to the government in terms of Section 25 of the Reserve Bank of India Act, 1934, for the introduction of 1 billion pieces each of ₹10 and ₹20 polymer banknotes for field trials and for the regular issuance of polymer banknotes in these two denominations after the successful completion of field trials.

India's BESS Pipeline Crosses 47 GW

India has nearly 47 GW of battery energy storage system (BESS) capacity at various stages of development as the country ramps up storage infrastructure to support rapid expansion of renewable energy and meet rising electricity demand. As of June 30, nearly 16 GW of BESS capacity was under construction, about 12 GW awarded, while another 19 GW is at the tendering stage, MoS for power Shripad Yesso Naik said in a written reply in Rajya Sabha.

Cabinet Decisions

Cabinet approves scheme of Chemical Parks "Bharat Audyogik Vikas Yojana Rasayan (BHAVYA Rasayan)

The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has approved Bharat Audyogik Vikas Yojana Rasayan or BHAVYA - Rasayan Scheme for establishing three dedicated Chemical Parks in the country. The Scheme was announced in the Union Budget of FY 2026–27. The Scheme will have a total financial outlay of Rs.3,030 crore, with Rs.3,000 crore towards meeting the cost of establishing the Common Infrastructure Facilities and Basic Utilities inside the park and Rs. 30 Crores as administrative expenditure. The scheme would run for a period of 5 years from FY 2026-27 to FY 2030-31.

Cabinet approves one multitracking project covering three Districts across Karnataka and Andhra Pradesh

The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi, today has approved 3rd and 4th Line of Ballari – Guntakal section in Karnataka and Andhra Pradesh with total cost of Rs. 1,264 crore (approx.). The project is planned on PM-Gati Shakti National Master Plan with focus on enhancing multi-modal connectivity & logistic efficiency through integrated planning and stakeholder consultations. This project will provide seamless connectivity for movement of people, goods, and services. The project covering 03 Districts across the states of Karnataka and Andhra Pradesh will increase the existing network of Indian Railways by about 46 Kms.

Odisha begins land acquisition for IOC's ₹61,077 cr plant

More than a year after Indian Oil Corporation Ltd (IOC) signed a deal with the Odisha government for its biggest-ever single-location investment, the ₹61,077-crore Paradip Petrochemical Complex saw the commencement of land acquisition for the mega project. The state government has started the mandatory Social Impact Assessment (SIA) for acquiring private land for the integrated petrochemical complex. This project is expected to transform Paradip into one of India's largest petrochemical manufacturing hubs. The mega petrochemical complex will be anchored by a world-scale 1.5 million tonnes per annum (MTPA) dual-feed naphtha cracker and a host of downstream petrochemical units, besides the proposed Paradip plastic park.

Gujarat Clears ₹2,999 Crore in Industrial Project Approvals

Industrial projects worth Rs 2,999 crore were approved by state govt under the Industrial Policy 2015 on Monday. The projects were approved at a meeting chaired by deputy chief minister Harsh Sanghavi in Gandhinagar. An official statement said that the policy has so far attracted investments worth Rs 1,48,366 crore and has generated direct employment of 1.65 lakh jobs. Under the policy, eligible industries established in the state get net SGST refunds or assistance.

Andhra Pradesh launches twin AI centres to support DeepTech startups with GPU computing and mentorship

Early-stage DeepTech startups in Andhra Pradesh will now have access to high-performance GPU computing, AI sandboxes, and specialised mentorship following the launch of the AI Center of Excellence (AI CoE) in Amaravati and Visakhapatnam on Tuesday, July 28. Sanctioned by the Ministry of Electronics and Information Technology (MeitY) and the Department of IT, Electronics & Communications (ITE&C), Government of Andhra Pradesh, the twin centers will operate under the Ratan Tata Innovation Hub (RTIH).

Kerala Cabinet approves five administrative reforms to curb project delays, plug fund leakage

The Kerala Cabinet cleared five governance reforms aimed at strengthening public administration, improving transparency and reducing revenue leakages tied to project delays — a state-level EoDB/administrative-efficiency move worth noting alongside the Centre's own compliance-reduction agenda.

Maharashtra became the first state in India to qualify for the second installment under the Rashtriya Krishi Vikas Yojana

Maharashtra became the first state to meet the Centre's fund-utilisation benchmark for release of the second installment under the Rashtriya Krishi Vikas Yojana, in a review chaired by Union Agriculture Minister Shivraj Singh Chouhan — a signal of strong agri-scheme implementation capacity feeding into the state's broader rural development pipeline.

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IIP Growth Surges to a Near Two-Year High

India's Index of Industrial Production grew 7.3% YoY in June 2026, up sharply from a revised 5.0% in May — the fastest pace since the current series began. Growth was led by manufacturing (+7.8%) and electricity & gas supply (+10.6%); mining lagged at +1.0%. Electrical equipment manufacturing (+34.0%), motor vehicles (+17.5%) and food products (+10.8%) were the top contributors. By use-based classification, capital goods (+14.2%) and intermediate goods (+9.3%) led — a healthy signal for investment demand.

Composite PMI Cools to a 4-Year Low, Though Still in Expansion

The HSBC Flash India Composite PMI eased to 54.3 in July from 57.1 in June — the weakest expansion since March 2022. The slowdown was concentrated in services (Business Activity Index down to 53.1, a 53-month low) amid softer client enquiries and rising cancellations, while manufacturing held relatively firm (53.9). Input and output-price inflation both accelerated, linked to Middle East-driven energy and freight cost pressures. Final PMI prints are due August 3.

India's services activity remains robust in May; 16 of 19 sub-sectors register growth: MoSPI

India's services sector maintained strong momentum in May 2026, with 16 of the 19 monitored sub-sectors registering positive year-on-year growth and eight recording double-digit expansion, according to the latest Sub-Sectoral Trial Index of Services Production (ISP) released by the Ministry of Statistics and Programme Implementation (MoSPI) on Wednesday. The experimental index, based on the revised 2024-25 base year, showed that Accommodation and Food Services emerged as the fastest-growing segment, recording a 27.4 per cent increase over May 2025.

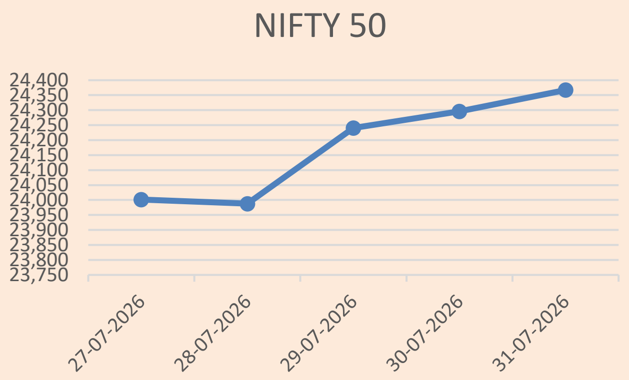
Public sector banks' gross NPAs drop to 1.9%, profit rises Rs 1.98 lakh crore in FY26

The financial health of public sector banks (PSBs) improved significantly in FY26, with stronger balance sheets, record profits and a multi-decade low in gross non-performing assets (GNPAs), the Finance Ministry said in a release on July 28. Gross NPAs of PSBs declined to 1.9 percent as of March 31, 2026, from 2.6 percent a year earlier and 7.3 percent at the end of FY22.Total deposits at PSBs rose to Rs 156.3 lakh crore at the end of FY26 from Rs 142 lakh crore a year earlier.Net profit increased to Rs 1.98 lakh crore in FY26 from Rs 1.78 lakh crore in FY25.

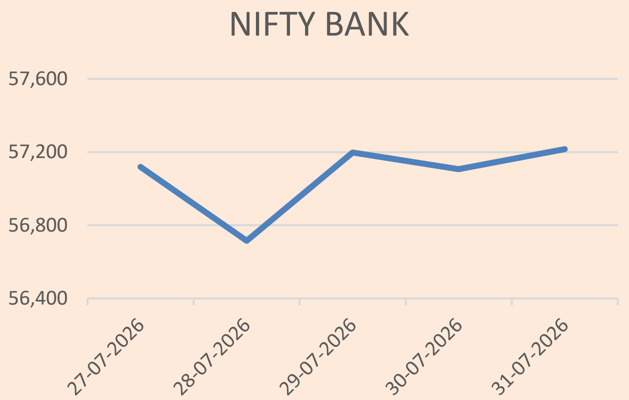
Telecom subscriber base rises to 134.8 crore in June; Airtel leads growth

Telecom subscriber base in the country increased marginally to 134.8 crore in June, driven by net addition of subscribers on the networks of Bharti Airtel and Reliance Jio, according to data released by the Telecom Regulatory Authority of India (TRAI) on Tuesday. Bharti Airtel led subscriber growth during the month, adding 31.63 lakh users compared with May. The additions included 29.89 lakh mobile subscribers and 1.73 lakh fixed-line connections.

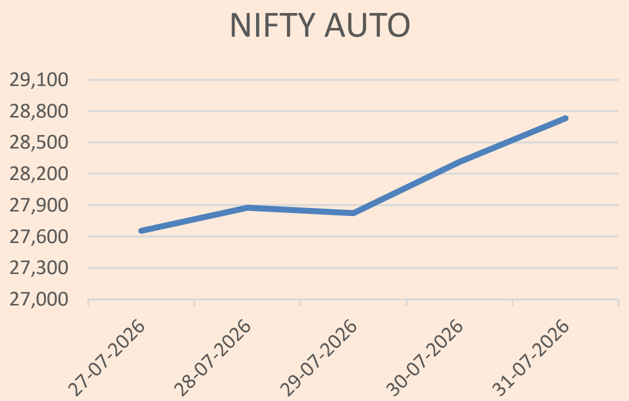
Weekly Market Mood



After a slight dip to 23,988 on July 28, the index staged a consistent recovery over the remaining sessions, closing progressively higher each day. This sustained upward momentum suggests improving investor sentiment, likely underpinned by the week's strong industrial production data (IIP at 7.3%) and continued optimism around corporate earnings, even as external headwinds such as fresh US tariff action and elevated crude prices persisted in the background.



The index dipped to a weekly low of 56,715 on July 28 before recovering steadily over the following sessions. This comparatively subdued performance relative to the broader NIFTY 50 may reflect a degree of caution among investors around banking-sector counters, even as improving asset quality (PSU banks' gross NPA ratio falling to 1.9%) offered an underlying supportive fundamental backdrop.



After a marginal dip to 27,824 on July 29, the sector rallied decisively over the final two sessions. This robust outperformance aligns with the week's IIP data, which showed motor vehicles manufacturing growing 17.5% YoY in June, pointing to strengthening demand and production momentum in the automotive sector as a key driver of investor confidence.

Date	USD (INR / 1 USD)	GBP (INR / 1 GBP)	EUR (INR / 1 EUR)	JPY (INR / 100 JPY)
31/07/2026	95.3706	128.2779	109.8189	59.4600
30/07/2026	95.7327	127.7116	109.5817	58.5200
29/07/2026	95.7170	127.2778	109.0603	58.5300
28/07/2026	95.7954	127.3530	108.9280	58.5200
27/07/2026	96.1856	128.4703	109.7648	58.8000

Weekly Market Mood

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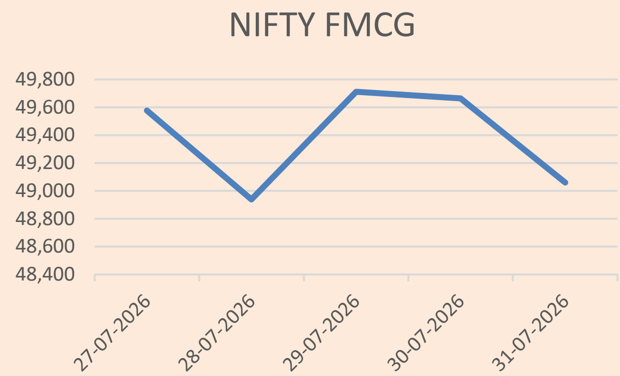
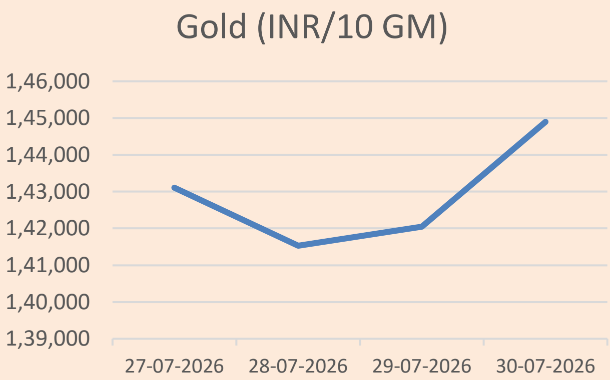
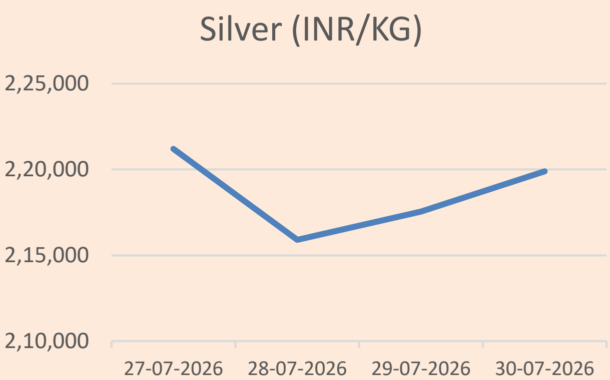


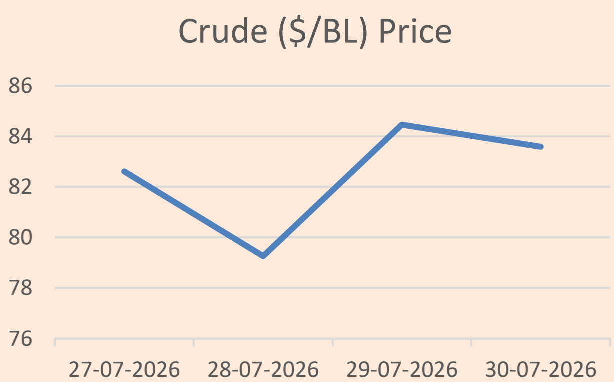
The index touched a weekly low of 48,939 on July 28 before recovering to a high of 49,712 on July 29, though it gave up some of these gains over the final two sessions. This mild softness may reflect some caution among investors around consumption-linked counters, potentially weighed down by persistent food inflation pressures — the WPI Food Index and CPI food inflation both remained elevated through the recent months — even as the sector continues to be viewed as a relatively defensive play amid broader market volatility.



The price movement was not entirely linear, with a dip to ₹1,41,530 on July 28 before a sharp recovery of nearly 2.4% over the following two sessions. This upward bias reflects sustained safe-haven buying amid ongoing global geopolitical uncertainty and volatility in international energy markets, reinforcing gold's continued appeal as a hedge for both retail and institutional investors during periods of macroeconomic and market stress.



Silver prices displayed pronounced volatility through the week, opening at ₹2,21,200 on July 27 and declining to a weekly low of ₹2,15,900 on July 28, before staging a partial recovery to close at ₹2,19,888 on July 30. On a net basis, silver registered a marginal decline of around 0.6% over the period. The sharper swings relative to gold suggest a mix of profit-booking and shifting industrial demand sentiment, given silver's dual role as both a precious metal and an industrial input, making it more sensitive to near-term market positioning than gold.

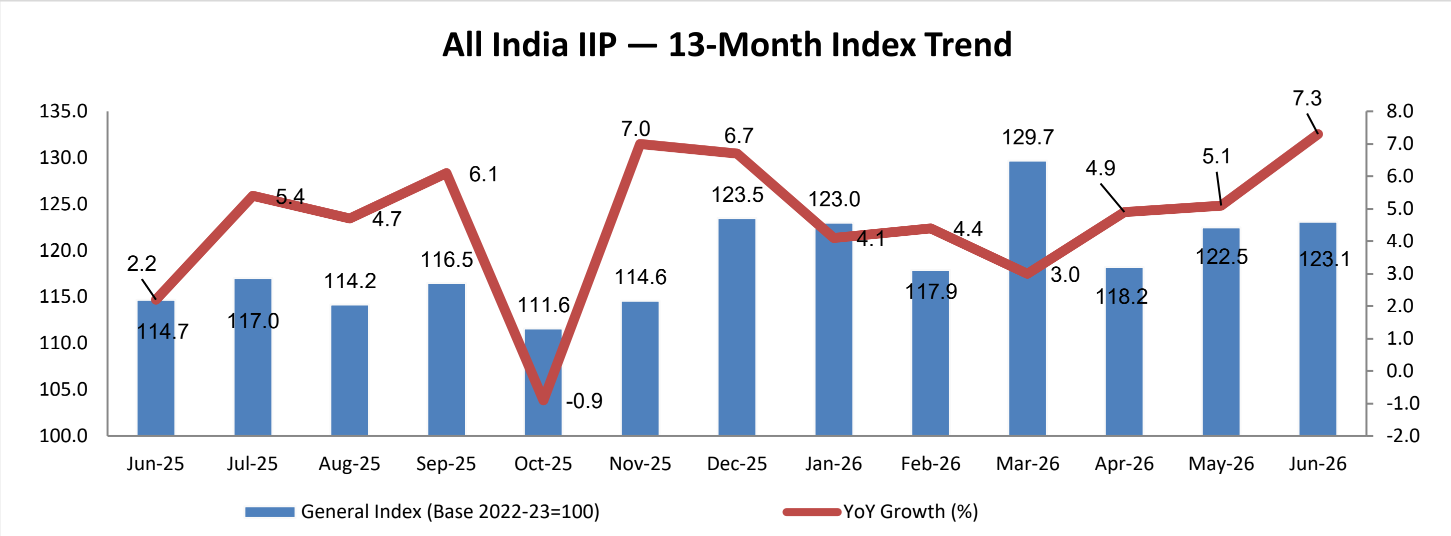


Crude oil prices remained highly volatile during the week, falling from $82.61 per barrel on July 27 to $79.26 on July 28, before rebounding sharply to a weekly high of $84.46 on July 29 and easing slightly to $83.59 on July 30. This wide trading band reflects continued uncertainty in global energy markets, driven by geopolitical tensions and evolving supply-side considerations. Given India's heavy reliance on crude imports, such volatility carries direct implications for the country's import bill, inflation outlook, and currency stability.

ASSOCHAM ANALYSIS

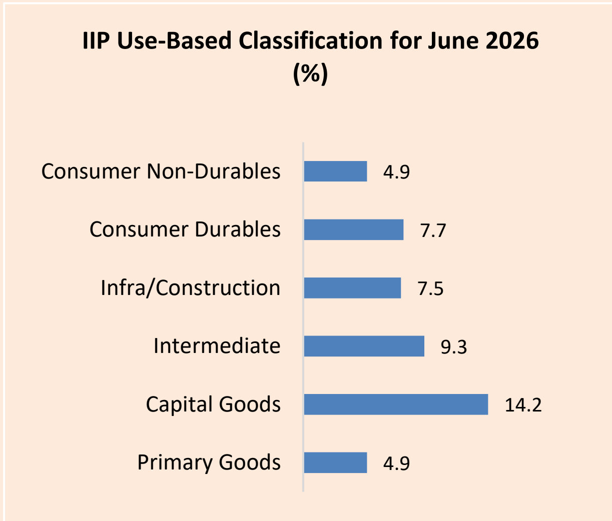
All India Index of Industrial Production (IIP) for June 2026

Driven by strong growth of 7.8% in Manufacturing Sector and 10.6% growth in Electricity & Gas Supply, Index of Industrial Production (IIP) records 7.3% Growth in June 2026.



(**Source:** MoSPI, GoI)

Key Highlights:



- The growth rates of the Four sectors, Mining & Quarrying, Manufacturing, Electricity & Gas Supply and Water Supply, Sewerage & Waste Management for the month of June 2026 are 1.0 percent, 7.8 percent, 10.6 percent and 6.1 percent respectively.
- Within the Manufacturing sector, 19 out of 23 industry groups recorded positive growth. The top three positive contributors for the month of June 2026 are – "Manufacture of electrical equipment" (34.0%), "Manufacture of motor vehicles, trailers and semi-trailers" (17.5%) and "Manufacture of food products" (10.8%).
- Based on Use-Based Classification, top three positive contributors to the growth of IIP for the month of June 2026 are Intermediate Goods, Primary Goods and Capital Goods.
- In the industry group "Manufacture of electrical equipment", item groups "Electrical Apparatus for Switching or Protecting Electrical Circuits (e.g., Switchgear, Circuit Breakers/Switches, Control/Meter Panels) and Parts Thereof", "UPS and Solid-State Drives", and "End-Face Connectors for Optical Fibres and Cables" have shown significant contribution in growth.
- In the industry group "Manufacture of motor vehicles, trailers and semi-trailers", item groups "Auto Components, Spares and Accessories", "Passenger Cars", and "Commercial Vehicles" have shown significant contribution in growth.

All India Index of Industrial Production (IIP) for June 2026

Key Observations for June 2026

- Non-Renewable Generation Drives Electricity Sector Growth: The Electricity & Gas Supply sector recorded the highest sectoral growth of 10.6% in June 2026, this time led by a 13.0% surge in Non-Renewable Electricity Generation, which outpaced the 7.3% growth in Renewable Electricity Generation; a reversal from May's renewable-led expansion. Gas Supply contracted marginally by 0.1%, moderating the overall sectoral index.

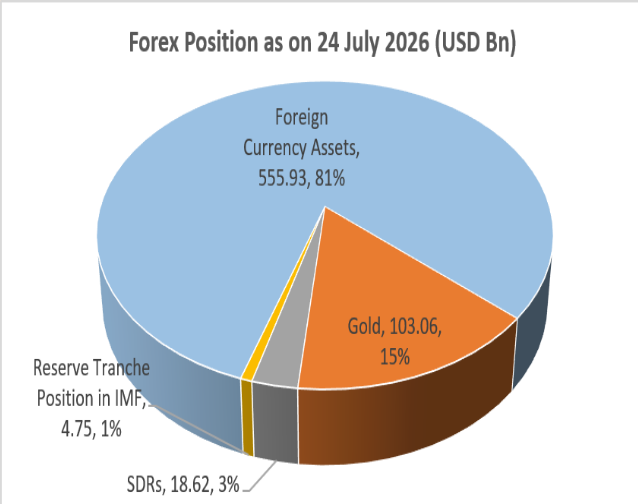
- Capital Goods Sustain Investment Momentum: Capital Goods output grew 14.2% in June 2026, with the cumulative April–June 2026 growth at 14.0% against 8.8% in the same period of 2025-26, reaffirming continued strength in the private investment cycle alongside sustained government capex. Intermediate Goods (+9.3%) and Primary Goods (+4.9%) also contributed meaningfully to overall IIP growth.

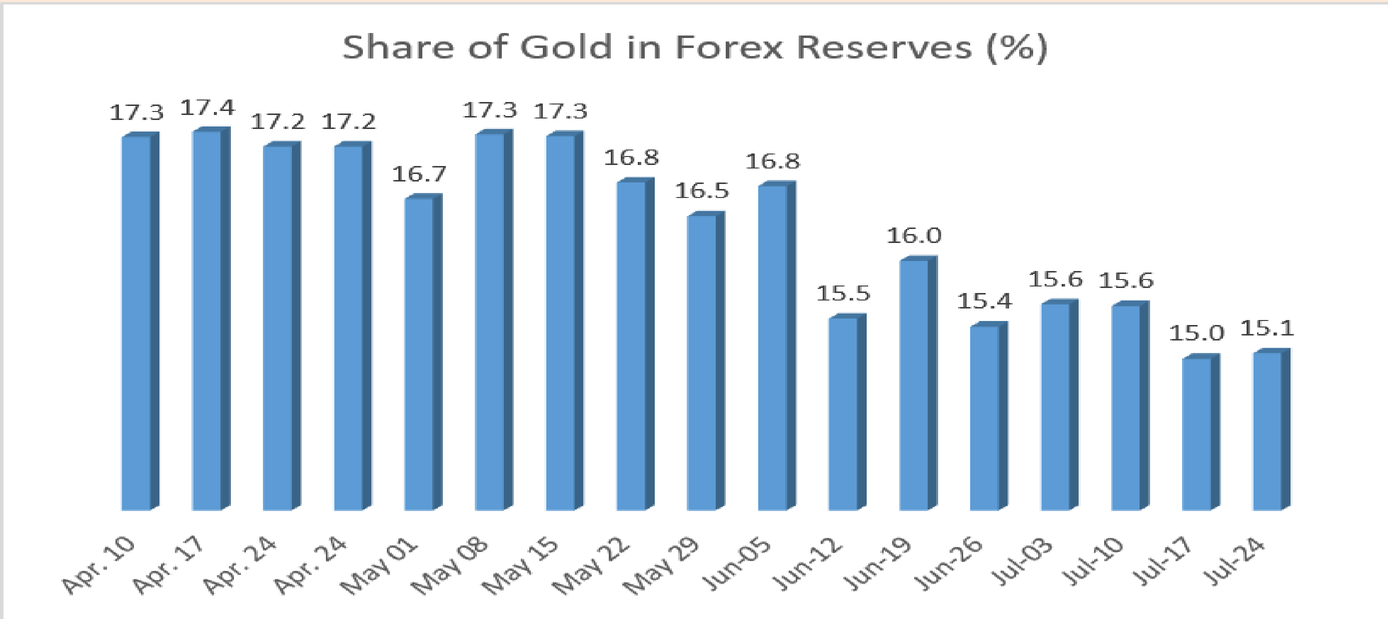
- Mining Turns Positive but Cumulative Trend Stays Negative: Mining & Quarrying returned to positive growth of 1.0% in June 2026, led by a sharp 38.9% rise in Metallic Minerals. However, the cumulative April–June 2026 contraction of (-)1.4% persists, weighed down by continued declines in Fuel Minerals ((-)4.5%) and Non-Metallic Minerals ((-)9.9%), warranting continued policy attention on upstream supply constraints.

INDIA'S FOREIGN EXCHANGE RESERVES STOOD AT USD 682.35 BILLION

ASSOCHAM Perspective

- India's Forex reserves as on 24 July 2026 stood at USD 682.35 billion registering an increase of USD 6.12 billion compared to last week.
- Foreign currency assets which constitute a major part of forex reserves stood at USD 555.93 billion up by USD 4.87 billion.
- Gold, the second largest component recorded a value of USD 103.06 billion.
- SDRs and reserve position at IMF saw a slight decline in the week ending 24 July as against last week.
- In February 2026, India's forex reserves had touched a record high of $728.494 billion. However, reserves declined in the following weeks amid the Middle East conflict, which put pressure on the rupee and led the RBI to intervene in the foreign exchange market through dollar sales.





The share of Gold in India's forex reserves has registered a decline from April till date from 17.3% to 15.0%.

INDIA'S FOREIGN EXCHANGE RESERVES STOOD AT USD 682.35 BILLION

As on	Total Reserves	Foreign Currency Assets	Gold	SDRs	Reserve Tranche Position in IMF
Apr 10	700.95	555.98	121.34	18.76	4.86
Apr 17	703.31	557.46	122.13	18.84	4.87
Apr 24	698.49	554.62	120.24	18.77	4.86
Apr 24	698.49	554.62	120.24	18.77	4.86
May 01	690.69	551.83	115.22	18.79	4.86
May 08	696.99	552.39	120.85	18.87	4.88
May 15	688.89	545.90	119.32	18.82	4.85
May 22	681.38	543.03	114.79	18.75	4.82
May 29	682.32	546.15	112.60	18.75	4.83
June 5	681.61	543.44	114.58	18.77	4.83
June 12	671.63	544.29	103.82	18.70	4.82
June 19	672.59	541.22	107.93	18.65	4.79
June 26	666.93	541.07	102.54	18.56	4.77
July 3	674.19	545.58	105.21	18.62	4.79
July 10	675.16	546.51	105.23	18.63	4.79
July 17	676.24	551.06	101.75	18.67	4.76
July 24	682.35	555.93	103.06	18.62	4.75

(Source: RBI)

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