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ASSOCHAM India Monitor

(AIM Weekly)

--------------- Vol. 4/Issue 2 ---------------

A comprehensive weekly tracker of India's macroeconomic indicators

GDP GROWTH

INFLATION

INDUSTRIAL OUTPUT

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- State Developments
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India–Japan Summit: $12.5 Billion Investment, AI Co-operation Initiative & First-Ever Defence Co-Development Deal

The 16th India-Japan Annual Summit held in New Delhi, led by PM Modi and Japanese PM Sanae Takaichi, produced 16 major outcomes including the Joint Declaration on Economic Security, Joint Statement on AI Co-operation, and India's first-ever co-development agreement with Japan for defence equipment. Companies committed investments worth nearly $12.5 billion through around 120 cooperation agreements.

Govt waives basic customs duty on key electronics manufacturing components

Three customs notifications issued on 8 July 2026 immediately extended basic customs duty relief for selected display assembly components, smartphone wireless charging module parts, and machinery used in lithium-ion battery manufacturing, valid until 31 March 2029. India scrapped import duties of 7.5% and 5% on these components, in a move that directly benefits companies like Apple, Samsung, and Xiaomi operating under the PLI scheme.

Prime Minister Narendra Modi invites Australian businesses to invest in India

PM Narendra Modi addressed the Australia-India CEOs Forum and Economic Roadmap Business event in Melbourne, alongside Australian PM Anthony Albanese, calling for the early conclusion of the Comprehensive Economic Cooperation Agreement. PM Modi said the CECA would take bilateral economic ties to "a new level," noting that bilateral trade in goods and services already stands at $24.1 billion in 2025-26, and that exports from India to Australia have doubled since ECTA came into force.

India considers Rs 40,000 crore undersea power cable to UAE

At the 12th India Energy Storage Week held from 8–10 July at Yashobhoomi, New Delhi, Power Minister Manohar Lal Khattar announced a proposed 1,600-km undersea power transmission cable between India and the UAE at an estimated cost of ₹43,000 crore, as part of India's One Sun One World One Grid vision. A joint venture agreement has already been signed with the UAE. A separate 1,400-km cable connecting India to Saudi Arabia, costing ₹47,000 crore, is also planned, bringing total undersea power infrastructure investment to approximately ₹90,000 crore.

World Bank Approves $1.5 Billion for Private Sector Job Reforms in India

The World Bank has approved $1.5 billion in financing to support structural reforms in India aimed at fostering private sector-led job creation and boosting economic growth. The funding is part of the Boosting Job Creation in the Private Sector Development Policy Financing (DPF) Operation. The programme is expected to generate employment opportunities for 11 million young Indians entering the workforce over the next two decades. It builds on reforms in tax simplification, trade integration, regulatory enhancements, and improving the business environment.

₹99,639 Crore Investment via 14 MoUs at National Stakeholders Consultation

Jharkhand signed 14 major MoUs worth ₹99,639 crore with leading industrial houses, technology firms and strategic partners at the valedictory session of the National Stakeholders' Consultation held in New Delhi on 8–9 July, under the chairmanship of Chief Minister Hemant Soren. The biggest commitments came from Jindal Steel Private Limited at ₹40,000 crore and Ambuja Cement (Jindal Nuclear Power Pvt. Ltd.) at ₹30,000 crore, together accounting for over two-thirds of the total investment.

Destination Tripura Business Conclave 2026: ₹70,000 Crore Investment Pipeline

Tripura hosted its flagship two-day investment summit, Destination Tripura Business Conclave 2026, on 9–10 July at the International Fair Ground, Hapania, Agartala, inaugurated by Chief Minister Manik Saha and addressed by Union DoNER Minister Jyotiraditya Scindia and Chief Economic Advisor Dr. V. Anantha Nageswaran. The conclave, organised on the largest scale ever for the state, targeted attracting investment proposals worth nearly ₹1 lakh crore, with pre-event roadshows in Delhi, Hyderabad, Bengaluru and Guwahati already generating 189 investment intents worth ₹6,457 crore.

₹190 Crore SAMARTH Semiconductor Research Hub Announced at IIT Gandhinagar

The Government of Gujarat announced the establishment of the Silicon and Advanced Semiconductor Manufacturing Research and Training Hub (SAMARTH) at IIT Gandhinagar on 6 July, backed by a ₹190 crore joint investment from MeitY, the Gujarat Government's Department of Science and Technology, and IIT Gandhinagar. The hub will train over 10,000 individuals over five years including 5,600 undergraduate, postgraduate and doctoral students, 1,500 vocational trainees, 1,000 certificate programme participants, and 230 faculty members.

IBM to Commission One of India's First Quantum Computers in Amaravati

IBM Chairman and CEO Arvind Krishna confirmed this week that Amaravati will host one of the first two IBM quantum computers to be physically deployed on Indian soil, targeted for commissioning by September 2026. The 156-qubit IBM Quantum System Two, anchored at the Quantum Valley Tech Park, has been finalised through a trilateral MoU between the Government of Andhra Pradesh, IBM, and Tata Consultancy Services.

Viksit Gujarat Data Centre Policy 2026-29 Launched: ₹6 Lakh Crore Investment Target, Dholera to be World's Largest Data Centre Cit

The Gujarat government on 9 July 2026 launched the Viksit Gujarat – Data Centre Policy 2026-29; India's first dedicated state-level data centre policy at Mahatma Mandir, Gandhinagar, unveiled by Chief Minister Bhupendra Patel in the presence of Deputy CM Harsh Sanghavi, Science and Technology Minister Arjun Modhwadia, and Chief Secretary Manoj Kumar Das. The policy targets attracting investments worth nearly ₹6 lakh crore and aims to develop up to 8 gigawatts of data centre capacity in the state.

Top Statistics

Securitisation Market Rises 20% YoY to ₹61,000 Crore in Q1 FY27

India's securitisation market began FY27 on a strong note, with volumes rising approximately 20% year-on-year to ₹61,000 crore in the April–June quarter, driven almost entirely by non-banking financial companies, according to ICRA data covered in financial media this week. The growth reflects sustained credit demand and active capital recycling by NBFCs, particularly in vehicle, microfinance, and MSME loan pools.

Rainfall deficit narrows to 12% as July records above-normal rainfall: Govt

Data released on 8 July confirmed that the first week of July recorded above-normal precipitation, shrinking the national monsoon rainfall deficit to 12% from a peak of 43% as of late June 2026 — which had been the driest June in 12 years. The monsoon advance covered more parts of Gujarat, Madhya Pradesh, and Uttar Pradesh by 1 July. As July contributes over 30% of total seasonal rainfall, the improvement provides significant relief for the kharif sowing season, although IMD's forecast of July rainfall below 94% of the long-period average and a 92% probability of El Niño conditions persisting through August means the recovery needs to be sustained.

ADB expects growth to rebound to 7.3 percent in FY28

India's economy is expected to grow at 6.6 percent in FY27, slower than the 6.9 percent projected in April, as elevated oil and transportation costs weigh on consumer sentiment and private demand, the Asian Development Bank (ADB) said in its Asian Development Outlook. The revised projection, however, remains more optimistic than the International Monetary Fund's (IMF) latest estimate of 6.4 percent for FY27. ADB expects growth to rebound to 7.3 percent in FY28, unchanged from its earlier forecast and also higher than the IMF's projection of 6.7 percent.

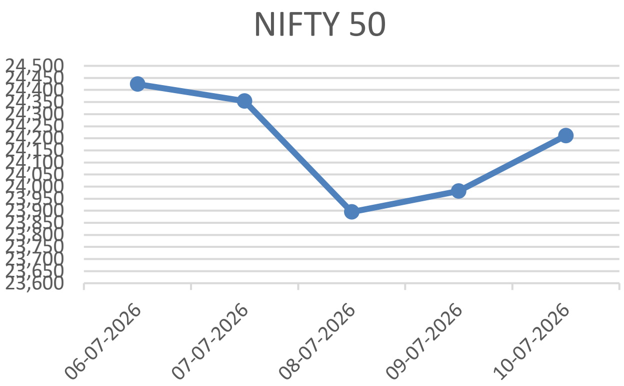
Mutual fund assets surpass FPIs for the first time, driven by strong SIP inflows

In a landmark milestone for India's capital markets, assets under custody of domestic mutual funds surged to ₹76.41 lakh crore in June 2026, officially surpassing total foreign portfolio investor holdings of ₹76.22 lakh crore for the first time ever. This historic reversal of financial power — domestic retail savings overtaking foreign institutional holdings — marks a structural shift in Indian equity market ownership. The mutual fund industry's Average AUM also hit a fresh record of ₹83.14 lakh crore in the April–June 2026 quarter, registering 15.26% year-on-year growth and a 1.97% quarter-on-quarter increase.

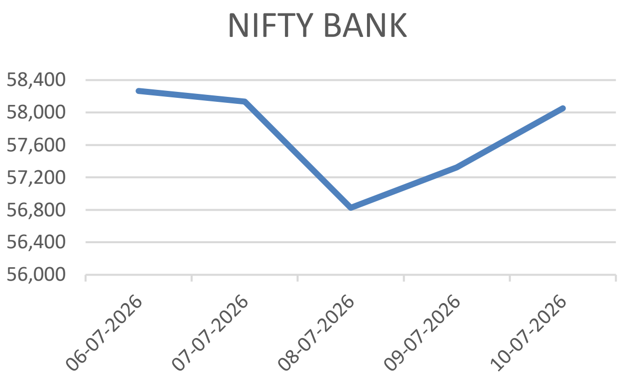
India on track for $1 trillion exports of goods, services in FY27: Goyal

India is "on track" to touch $1 trillion of goods and services exports in FY27 with goods expected to grow at 16-17 per cent to $530 billion while services likely to grow at about 11 per cent to $470 billion, Commerce & Industry Minister Piyush Goyal has said.

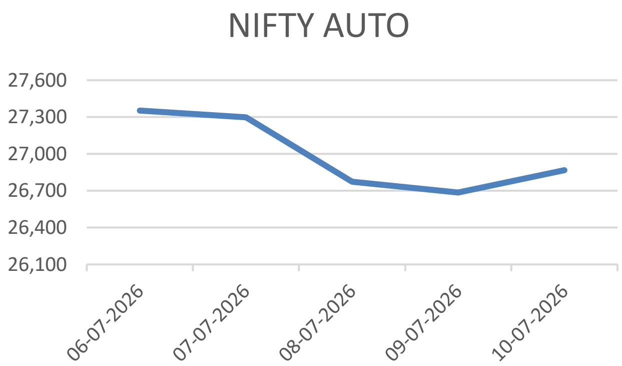
Weekly Market Mood



Nifty 50 opened the week on a positive note, closing at 24,424 on 6 July after extending its winning streak to a fifth consecutive session, supported by FII inflows, easing crude oil prices, and strong buying in heavyweight private banking stocks. The index slipped to a weekly low of 23,895 on 8 July as renewed US-Iran hostilities triggered heavy selling in financials, FMCG, auto, and realty stocks, with Sensex crashing over 1,600 points in the session.



Nifty Bank opened the week at 58,266 on 6 July and touched a high of 58,291 on 7 July, before selling off sharply to 56,826 on 8 July as geopolitical tensions in the Middle East triggered heavy profit booking in banking and financial counters. The index recovered to close at 58,052 by 10 July, with Bank Nifty jumping nearly 800 points on that session led by strong buying in large-cap private banks including HDFC Bank and ICICI Bank.



Nifty Auto opened the week at 27,353 on 6 July and touched 27,298 on 7 July before declining to 26,774 on 8 July amid the broader market sell-off triggered by the resumption of US-Iran hostilities. The index recovered partially to 26,867 by 10 July, though it remained in negative territory for the week, ending around 486 points or 1.8 per cent below its opening level. The sector remained under pressure through the week as the sharp surge in crude oil prices weighed on cost and margin outlook for automakers.

Date	USD (INR / 1 USD)	GBP (INR / 1 GBP)	EUR (INR / 1 EUR)	JPY (INR / 100 JPY)
10-07-2026	95.3129	128.0252	109.0815	59.02
09-07-2026	95.3746	128.0337	109.1372	58.77
08-07-2026	95.2236	127.2524	108.766	58.73
07-07-2026	95.3138	127.5451	108.9395	58.83
06-07-2026	95.4346	127.263	109.013	58.84

Weekly Market Mood

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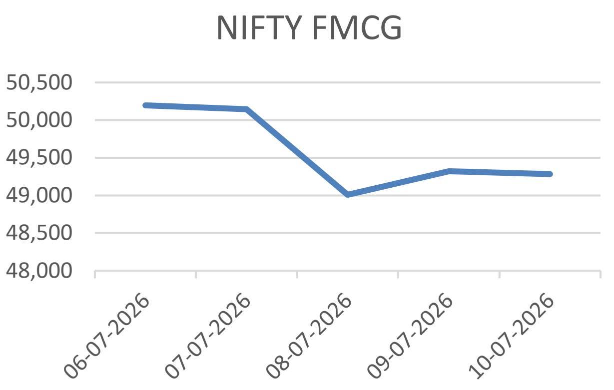
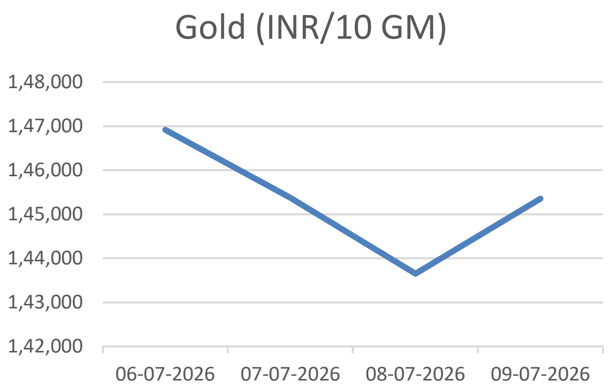
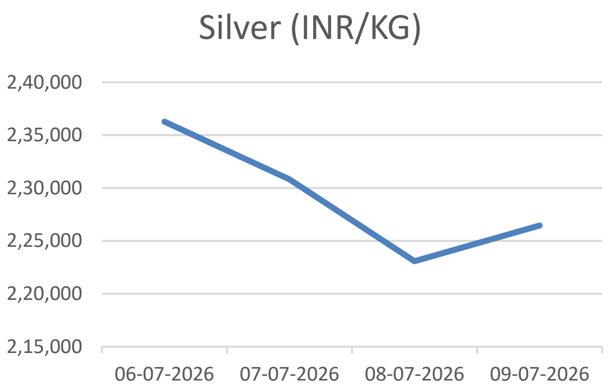


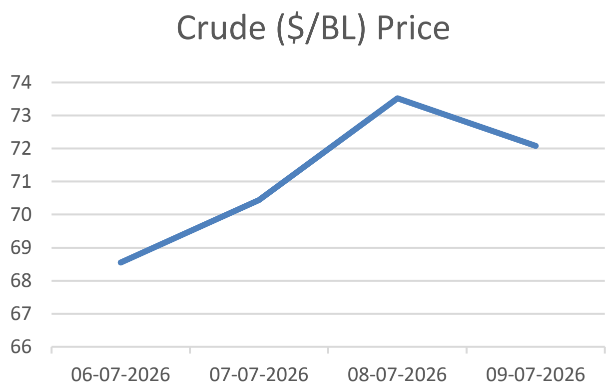
Nifty FMCG opened the week at 50,196 on 6 July and fell sharply to 49,008 on 8 July as surging crude oil prices, which rose over 32 per cent during the week, revived input cost concerns across the consumer goods sector. The index recovered partially to 49,284 by 10 July, though it ended the week nearly 2 per cent below its opening level. FMCG was the only major sector to close marginally in the red even on the strong recovery day of 10 July, reflecting continued investor caution on input cost pressures from elevated energy prices.



MCX gold opened the week at ₹1,46,915 per 10 grams on 6 July and declined to a weekly low of ₹1,43,650 on 8 July, weighed down by a firmer US dollar and rising Treasury yields following the resumption of US airstrikes on Iran. President Trump's declaration that the ceasefire was "over". However, gold staged a sharp recovery to close at ₹1,55,600 on 10 July as the dollar softened, oil's rally stalled, and reports of renewed US-Iran peace contacts eased the most extreme risk scenarios.



Spot silver on international markets slipped below $58.50 during mid-week sessions, with the metal failing to sustain a move above the $61 per ounce resistance zone. A recovery followed from 9 July as oil's rally paused and reports of Iran seeking a fresh deal improved risk sentiment, with MCX silver climbing to ₹2,48,201 by 10 July. Markets now await the US CPI print and Fed Chair Warsh's congressional testimony next week for further policy direction.



Missile strikes on three commercial vessels in and around the Strait of Hormuz on 7 July triggered the initial spike, followed by President Trump declaring the Iran ceasefire "over" on 8 July. Retaliatory Iranian strikes on US bases in Kuwait and Bahrain, alongside fears of a renewed naval blockade, pushed Brent crude toward $79 per barrel by mid-week before prices extended further gains. The surge sharply reversed the previous fortnight's decline and brought energy supply risk back to the centre of global inflation and monetary policy concerns.

Auto Retail Performance: June 2025 vs May 2026 vs June 2026

All India Vehicle Retail Comparison: Jun'25, May'26 and Jun'26

India's automobile retail market posted its best-ever June performance in FY27, with overall registrations rising 21.83% YoY to 25.57 lakh units. Passenger Vehicles led with 28.63% YoY growth to 4.10 lakh units, while Tractors surged 25.31% YoY to 1 lakh units on pre-Kharif buying. Two-Wheelers recorded their best-ever June at 18.28 lakh units (+21.22% YoY), though rural 2W retail dipped 4.55% MoM due to the delayed south-west monsoon onset. Three-Wheelers and Commercial Vehicles also logged their best-ever June, growing 16.20% and 16.88% YoY respectively. Wheeled Construction Equipment was the only segment in decline, falling 40.94% YoY on a high base.

The month's defining development was on the powertrain front: PV alternative-fuel share (CNG, Hybrid and EV combined) crossed 40% for the first time at 40.35%, while PV EV retail hit an all-time high of 31,823 units. Two-Wheeler EV share entered double digits at 10.60% for the first time, and total EV retail across all categories touched 3.06 lakh units — the highest ever for any month — taking overall EV penetration to approximately 12.5%.

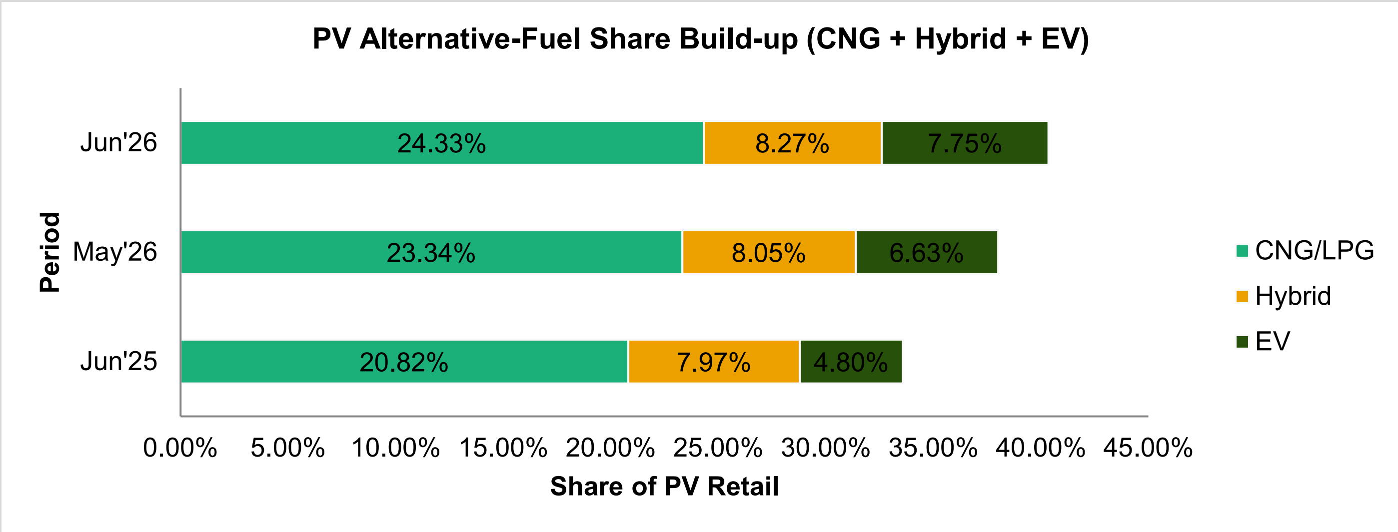
Near-term dealer sentiment is cautiously optimistic, with 51.24% of FADA member-dealers expecting growth in July 2026. For the July–September quarter, 66.17% expect growth ahead of the Ganesh Chaturthi and Onam festive build-up, though a monsoon shortfall and its potential impact on rural demand remains the key risk flagged by the trade..

Table: India's Domestic Auto Retail - Jun'25, May'26 and Jun'26 (Units)

Category	Jun'25	May'26	Jun'26	MoM %	YoY %
Two-Wheelers (2W)	15,08,378	18,44,947	18,28,458	-0.89%	21.22%
Three-Wheelers (3W)	1,04,035	1,11,526	1,20,889	8.40%	16.20%
Passenger Vehicles (PV)	3,19,412	4,02,591	4,10,853	2.05%	28.63%
Commercial Vehicles (CV)	77,836	83,823	90,972	8.53%	16.88%
Tractors (TRAC)	80,456	83,092	1,00,818	21.33%	25.31%
Wheeled - CE	8,879	5,088	5,244	3.07%	-40.94%
Total Retail	**20,98,996**	**25,31,067**	**25,57,234**	**1.03%**	**21.83%**

(Source: FADA)

Auto Retail Performance: June 2025 vs May 2026 vs June 2026



(Source: FADA)

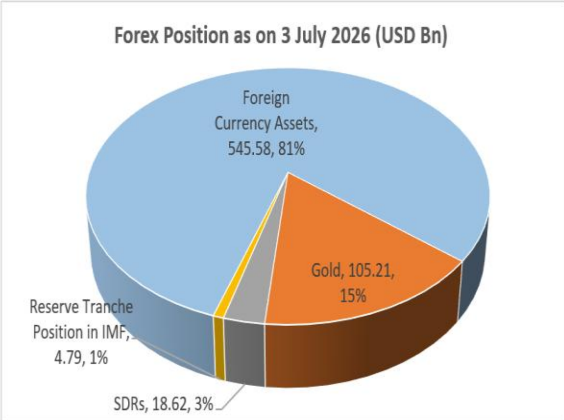
ASSOCHAM Perspective

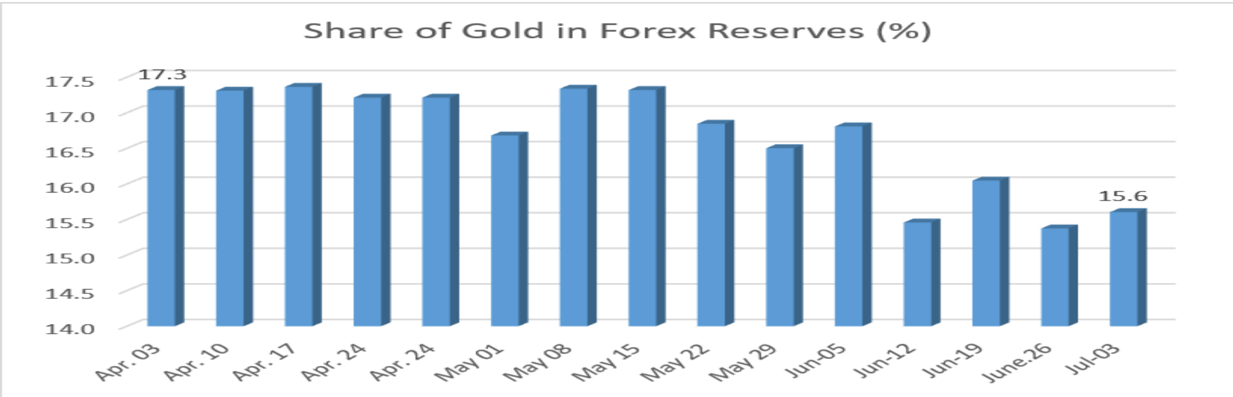
June 2026 was the best-ever June for every vehicle category, showing that India's consumption growth remains strong in monsoon-transition month. Crossing 40% alternative-fuel share in Passenger Vehicles, and 2W EVs entering double digits, shows India's shift to EV and CNG/Hybrid vehicles is now well established, backed by strong OEM investment and rising consumer acceptance. However, rural Two-Wheeler and Passenger Vehicle demand slowed slightly due to the delayed monsoon, showing that a good and well-spread Kharif season remains important for rural-led growth. Maintaining discipline in vehicle dispatches (PV inventory is still above the recommended 21-day level), along with continued support for EV adoption, easier financing, and rural income growth, will be key to keeping up this momentum into the festive season of FY'27.

India's Foreign Exchange Reserves Stood At USD 674.19 Billion

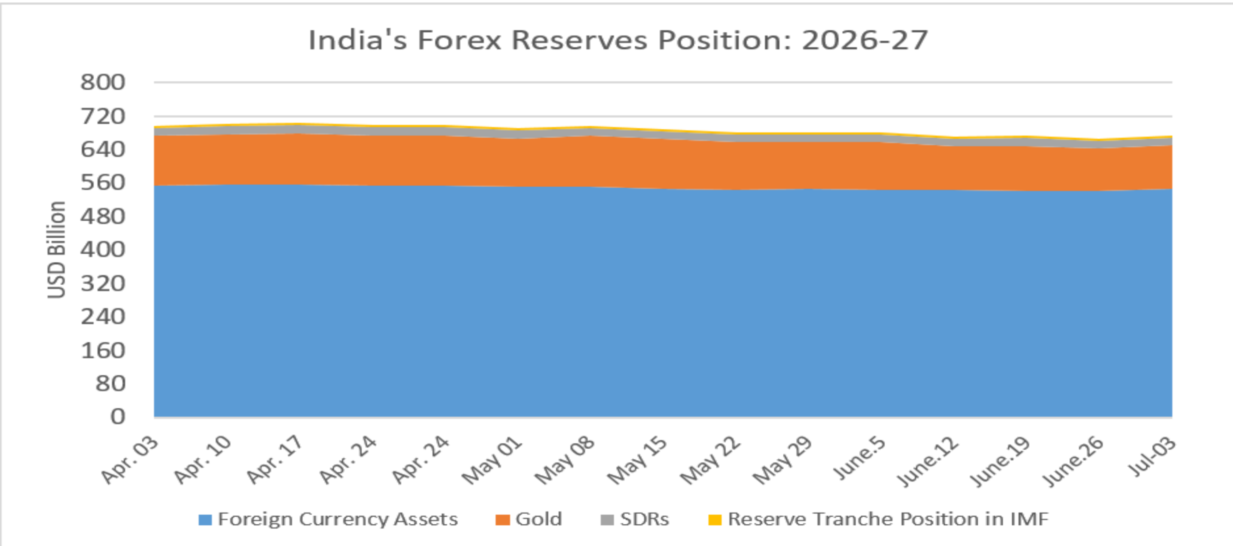
ASSOCHAM Perspective

- India's Forex reserves as on 3 July 2026 stood at USD 674.19 billion registering an increase of USD 7.26 billion compared to last week.
- Foreign currency assets which constitute a major part of forex reserves stood at USD 545.58 billion up by USD 4.5 billion.
- Gold, the second largest component recorded a value of USD 105.21 billion up by USD 2.66 billion.
- All the components of forex reserves registered an increase in the week ending 3 July 2026 including SDR and reserve position in IMF as compared to last week.





The share of Gold in India's forex reserves has registered a decline from April till date from 17.3% to 15.6%

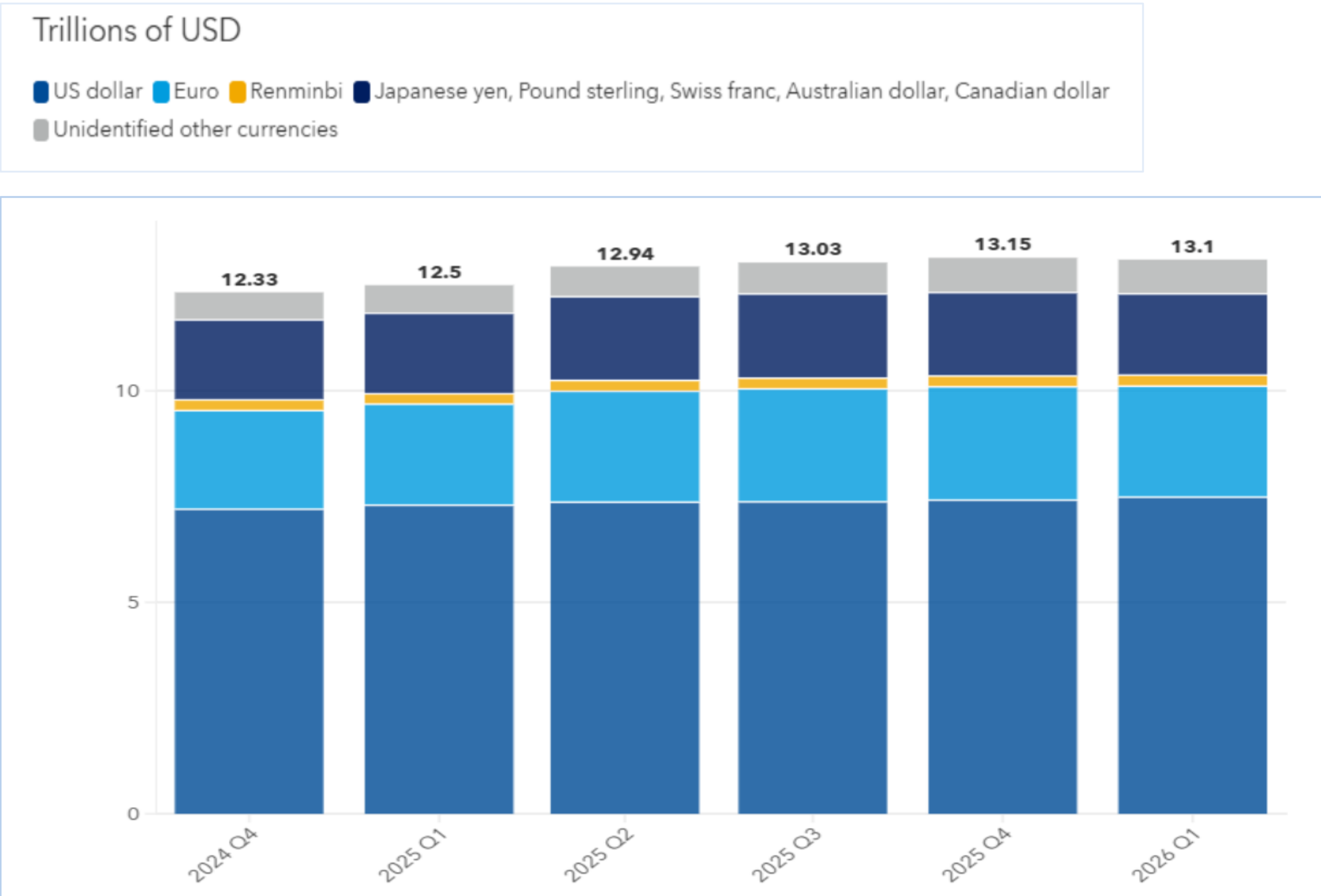


India's Foreign Exchange Reserves Stood At USD 674.19 Billion

World Official Foreign Currency Reserves Largely Remained Unchanged in Q1 2026

- According to the IMF Currency Composition of Official Foreign Exchange Reserves, World Aggregates, total foreign exchange reserves decreased to $13.10 trillion in 2026Q1, down slightly from $13.15 trillion in 2025Q4.
- The share of US dollar holdings in foreign exchange reserves increased to 57.13 percent in 2026Q1, from 56.42 percent in 2025Q4. The euro's share declined to 20.03 percent in 2026Q1, from 20.38 percent in 2025Q4, while the renminbi's share edged up to 1.99 percent from 1.95 percent. For both currencies, modest exchange rate valuation effects were the dominant driver of their changes, according to the IMF.

World Official Foreign Currency Reserves



Source: IMF

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