25 JULY 2026

ASSOCHAM
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# ASSOCHAM India Monitor

## (AIM Weekly)

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

A comprehensive weekly tracker of India's macroeconomic indicators

GDP GROWTH

INFLATION

INDUSTRIAL OUTPUT

- Top Economic Developments
- State Developments
- Top Statistics
- Weekly Market Mood
- ASSOCHAM Analysis

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## Income-tax, MSME amendment Bills among key economic legislations listed for Monsoon Session

The government has listed the Income-tax (Amendment) Bill, 2026 and the Micro, Small and Medium Enterprises Development (Amendment) Bill, 2026, among the key economy-related legislations proposed for introduction during the Monsoon Session of Parliament, according to the tentative legislative and financial business agenda circulated by the Ministry of Parliamentary Affairs. The agenda also includes the Foreign Contribution (Regulation) Amendment Bill, 2026, which was introduced in the Lok Sabha on March 25 this year and has been listed for consideration and passing during the Monsoon session.

## India heads into 8th WTO trade policy review with record exports in focus

India's eighth Trade Policy Review (TPR) at the World Trade Organization (WTO) will be held on July 21 and 23, with Commerce Secretary Rajesh Agarwal leading the country's official delegation. The review, conducted once every five years for India, assesses the country's trade policies and practices. The latest review covers the period from January 1, 2021, to December 31, 2025. The WTO's Trade Policy Review mechanism is based on two key documents — a policy statement submitted by the member country and an independent report prepared by the WTO Secretariat. The exercise aims to improve transparency, predictability and understanding of members' trade policies through a peer review conducted by the Trade Policy Review Body (TPRB), comprising all WTO members.

## NITI Aayog released a report on "Investment Friendliness Index"

During the 9th Governing Council Meeting of NITI Aayog held in July 2024, the Hon'ble Prime Minister tasked NITI Aayog with preparing an Investment-Friendly Charter comprising key policies, programmes, and processes required to attract investments. Subsequently, the Union Budget 2025–26 announced the development of an Investment Friendliness Index to strengthen the spirit of competitive and cooperative federalism by promoting reforms and fostering a conducive investment ecosystem across States. NITI Aayog has released the report titled "Investment Friendliness Index (IFI)", which presents a structured and data-driven framework for assessing how effectively States and Union Territories create, enable, and sustain an environment conducive to investments.

## Cabinet Decisions

### *Cabinet approves development of 6/4 lane Elevated Corridor along Varuna River Bank & its Ramps/Loops in Uttar Pradesh*

The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi, today has approved the development of a 43.218 km Link/Connector Corridor connecting NH-31 and the Varanasi Ring Road along the River Varuna for decongestion of Varanasi city in Uttar Pradesh. The project comprises a 6/4-lane predominantly elevated corridor, including main carriageway, flyovers, loops, ramps and service roads, and will be implemented by the National Highways Authority of India (NHAI) under the Hybrid Annuity Model (HAM) at a total capital cost of Rs.10,998.32 crore, including a civil construction cost of Rs.4,565.33 crore and land acquisition cost of Rs.934.91 crore.

## Delhi Government approves 'Parivartan' scheme to replace old commercial vehicles with BS-VI vehicles

The Delhi Cabinet has approved the implementation of the Centre's 'Parivartan' scheme to replace old commercial vehicles with cleaner BS-VI-compliant and electric vehicles, a move aimed at reducing vehicular emissions and strengthening the capital's clean transport system. The scheme, launched by the Union Ministry of Road Transport and Highways, stands for Programme for Accelerated Renewal and Incentivisation of Vehicle Assets for Reducing Transport Air Pollution and Network Emission. It seeks to phase out ageing, polluting trucks and buses and replace them with vehicles meeting BS-VI emission standards or electric vehicles (EVs).

## Andhra Pradesh Signs MoU with UAE Food Cluster

The Andhra Pradesh government has signed a Memorandum of Understanding (MoU) with United Arab Emirates (UAE) to establish a UAE Food Cluster in the State, taking forward an investment commitment made during the World Economic Forum (WEF) in Davos earlier this year. The agreement was signed between the Andhra Pradesh Economic Development Board (APEDB) and the UAE Food Cluster in the presence of Chief Minister N. Chandrababu Naidu and UAE Minister of Economy and Tourism Abdulla Bin Touq Al Marri at the State Secretariat in Amaravati.

## Uttar Pradesh govt targets ₹2,000 crore value addition in robotics

Uttar Pradesh, which is foraying into new-age domains including robotics and graphics processing unit (GPU) clusters, aims to achieve gross value addition worth ₹2,000 crore in the next five years from its robotics and artificial intelligence (AI) hub in Noida. The 75-acre 'PRAGATI' (Park for Robotics, Artificial Intelligence, GPU Clusters and Advanced Technical Innovation) project targets 100,000 direct and indirect job opportunities.

## Karnataka sees fastest FDI rise among major states

Karnataka saw FDI flows nearly double to $13 billion during the last financial year as tech investors and global capability centres (GCCs) flocked to India's Silicon Valley, while Maharashtra, the top destination, saw a dip in inflows after two years. Haryana, Tamil Nadu, Rajasthan, Uttar Pradesh, Andhra Pradesh and Punjab were among states that saw a significant increase in equity inflows.

## India's first AI-Powered bird sanctuary is coming to Maharashtra

Maharashtra is all set to get India's first hi-technology AI-Powered birding destination in Thane. In a bid to attract birdies, the state government approved a ₹45-crore Eco-Nature Park at the Thane Creek Flamingo Sanctuary (TCFS). The project will feature India's first AI-powered bird detection and monitoring centre. The main aim behind this is to enhance bird conservation while creating a new eco-tourism attraction for nature and bird lovers. The announcement comes as part of Maharashtra's broader efforts to promote sustainable tourism along with protecting the country's most important coastal wetland ecosystems.

# Top Statistics

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## Core Industries (ICI) June 2026: 5.0% Growth — Sharpest Acceleration in 5 Months

The Index of Core Industries grew by 5.0% in June 2026 on a year-on-year basis, compared with June 2025 — an improvement over the 3.2% recorded in May 2026. This is the first release under the new 2022-23 base year series, which replaced the 2011-12 series and added Iron Ore as a 9th core industry. Iron Ore, Electricity, Cement, Steel, and Coal observed year-on-year growth rates of 43.9%, 9.8%, 9.8%, 4.6%, and 1.4% respectively, whereas Natural Gas, Crude Oil, Refinery Products, and Fertilisers witnessed negative growth in June 2026. Cumulative growth for April–June 2026 stood at 3.6% — sharply up from just 1.0% in the corresponding period last year. The ICI has 40.27% weightage in the IIP, making this a direct lead indicator for July's IIP release.

## India's private sector growth slows to weakest since March 2022 as July PMI slips to 54.3

The HSBC Flash India Composite PMI Output Index fell to 54.3 in July from 57.1 in June, marking the slowest pace of expansion in private sector activity since March 2022.The HSBC Flash India Services PMI Business Activity Index declined to 53.1 from 57.4, while the HSBC Flash India Manufacturing PMI Output Index improved to 57.0 from 56.3. However, the headline HSBC Flash India Manufacturing PMI eased to 53.9 from 54.2 in June.

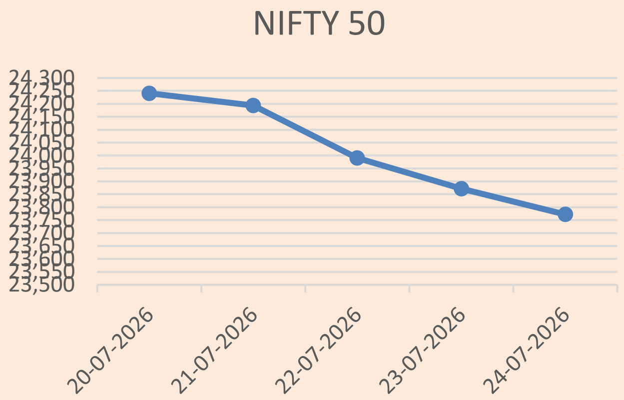
## Kharif Sowing 6.04% Below Last Year as of July 17; Monsoon Deficit at 23% Between June 1–July 15

India received 23% less rainfall than the Long Period Average between June 1 and July 15, according to IMD. The rainfall deficit was widespread but uneven, with East and Northeast India recording the steepest shortfall at 36% below normal, followed by the South Peninsula (-26%), Northwest India (-19%), and Central India (-13%). As of July 17, farmers had sown 658.19 lakh hectares under kharif crops, compared with 700.47 lakh hectares during the corresponding period last year, leaving the total sown area 6.04% lower. Pulses continue to register the steepest decline at 15.08% below last year's level. Coarse cereals remain 11.23% below last year's level, while cotton (-5.96%) and oilseeds (-5.54%) have also recorded lower sowing

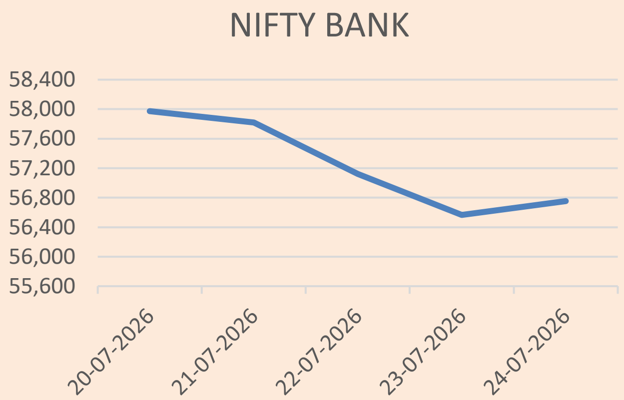
## PLI Schemes Attract Over ₹2.40 Lakh Crore Investment, Generate More Than 14.15 Lakh Jobs

The Government has launched Production Linked Incentive (PLI) Schemes for 14 key sectors with an approved financial outlay of ₹1.91 lakh crore to enhance India's manufacturing capabilities, attract investments, increase exports, generate employment and improve India's global competitiveness. The Department for Promotion of Industry and Internal Trade (DPIIT) acts as the nodal Department for overall coordination and monitoring of the PLI Schemes, while the respective Administrative Ministries/Departments are responsible for implementation of their respective Schemes.

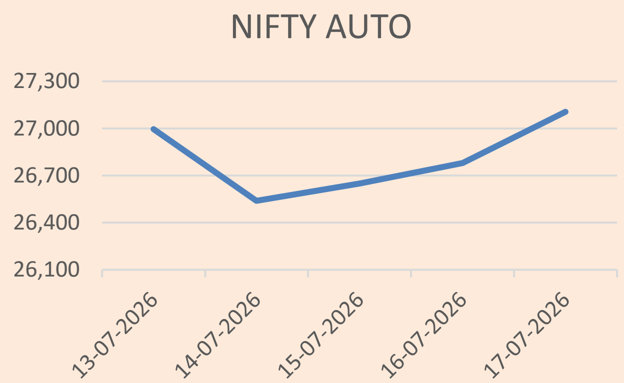
# Weekly Market Mood




The index declined steadily across all five trading days without a single positive close, reflecting broad-based selling pressure driven by the sharp crude oil surge above $90 per barrel, Infosys narrowing its FY27 revenue guidance on 23 July, lingering India-US BTA deadline anxiety, and elevated inflation concerns with CPI at 4.38% and WPI at a record 9.87%. The week's performance marks the sharpest weekly decline on the Nifty 50 in the current quarter.



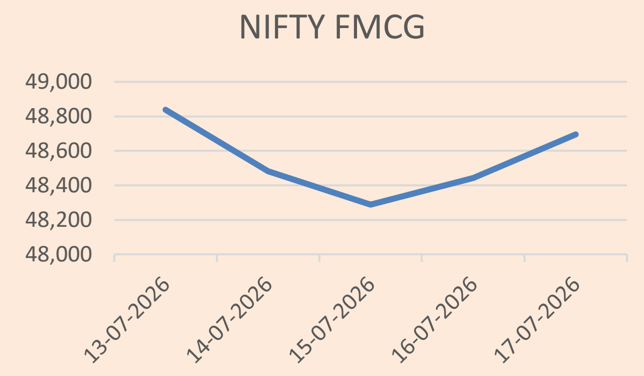

The index saw its steepest single-day fall on 23–24 July, reflecting concerns that the crude oil rally above $90 per barrel strengthens the case for RBI rate action, which could pressure net interest margins. After touching a weekly low of 56,566 on 23 July, a marginal recovery to 56,755 on 24 July suggests selective buying in banking stocks, though the broader sentiment remains cautious ahead of the August MPC meeting



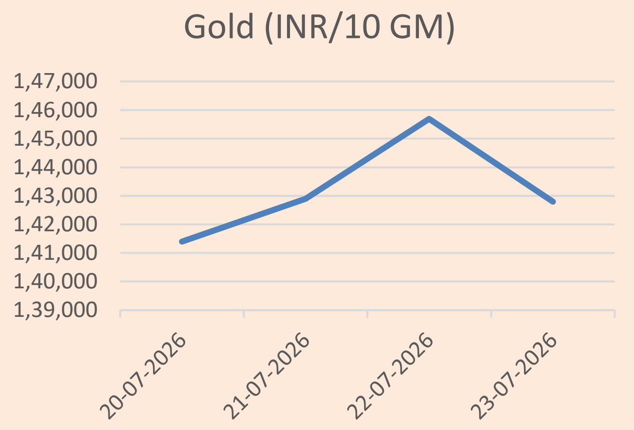

The index touched a weekly high of 27,516 on 23 July before modest profit-booking brought it to 27,238 on 24 July. The resilience reflects strong Q1 FY27 earnings from Bajaj Auto (revenue +65% YoY, PAT +46%) and TVS Motor, both reported on 21 July, alongside continued EV momentum with penetration rising to 6.6% in May 2026 — offsetting the headwind of elevated crude prices on input costs.

| Date | USD (INR / 1 USD) | GBP (INR / 1 GBP) | EUR (INR / 1 EUR) | JPY (INR / 100 JPY) |
|---|---|---|---|---|
| **24/07/2026** | 96.5390 | 128.5282 | 109.8681 | 58.9300 |
| **23/07/2026** | 96.5431 | 129.1795 | 110.3153 | 59.2000 |
| **22/07/2026** | 96.4745 | 129.1250 | 110.0867 | 59.1500 |
| **21/07/2026** | 96.2537 | 129.4417 | 109.9147 | 59.2300 |
| **20/07/2026** | 96.5120 | 129.9431 | 110.3888 | 59.4300 |

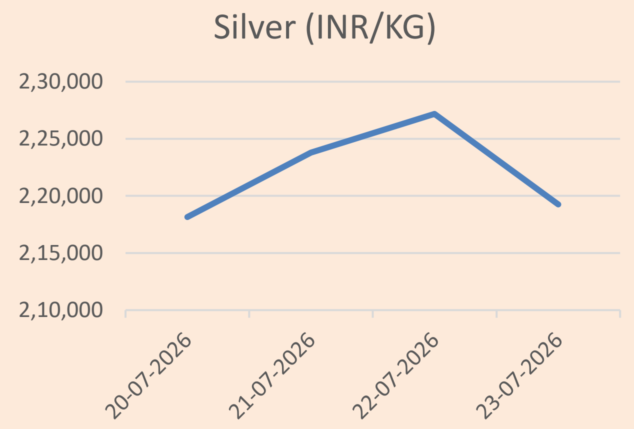
# Weekly Market Mood



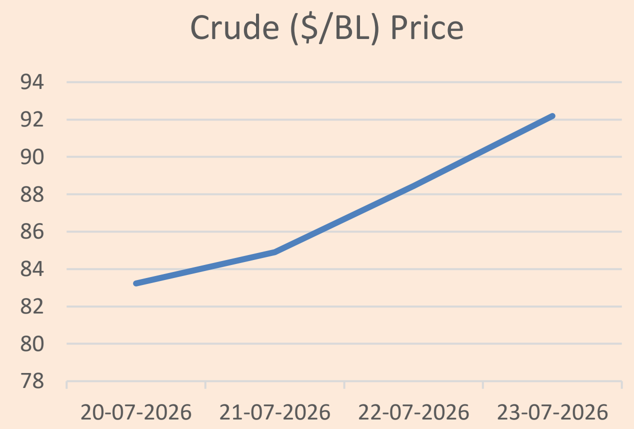

The index's relative stability amid broader market weakness reflects FMCG's defensive character, with investors rotating into consumer staples as Nifty 50 fell nearly 2% over the same period. However, upside remained capped by dual headwinds — food inflation at 5.32% under CPI and WPI food inflation at a fresh 18-month high of 6.14% in June 2026 — raising input cost concerns for FMCG companies even as rural demand recovery gathers pace on the back of improving monsoon conditions.




Gold opened the week at ₹1,41,398 on 20 July, surged to a weekly high of ₹1,45,693 on 22 July — a 3% gain in two sessions — driven by safe-haven demand amid the India-US BTA deadline uncertainty, West Asia conflict escalation, and elevated CPI/WPI data. Prices partially corrected to ₹1,42,796 on 23 July on profit-booking. Gold remains at historically elevated rupee levels, reflecting a weakened rupee, global geopolitical uncertainty, and sustained institutional buying.




Silver opened at ₹2,18,150 on 20 July and surged 4.1% to a weekly high of ₹2,27,180 on 22 July, amplifying gold's safe-haven rally with characteristically sharper swings. The metal sharply corrected ₹7,930 per kg in a single session to ₹2,19,250 on 23 July as risk sentiment partially normalised post corporate earnings. The weekly volatility reflects silver's dual role as both a safe-haven asset and an industrial metal with strong demand signals from India's solar, EV and electronics manufacturing sectors.




Crude oil recorded its steepest single-week rally in months — surging 10.8% from $83.23 on 20 July to $92.19 on 23 July — driven by West Asia conflict escalation and Strait of Hormuz supply disruptions tightening global oil markets. The move above $90 per barrel is critically significant for India: it widens the merchandise trade deficit, raises the import bill, adds to WPI fuel and power inflation already at 27.41%, and strengthens the case for the RBI to hold or hike rates at its August 2026 MPC meeting.

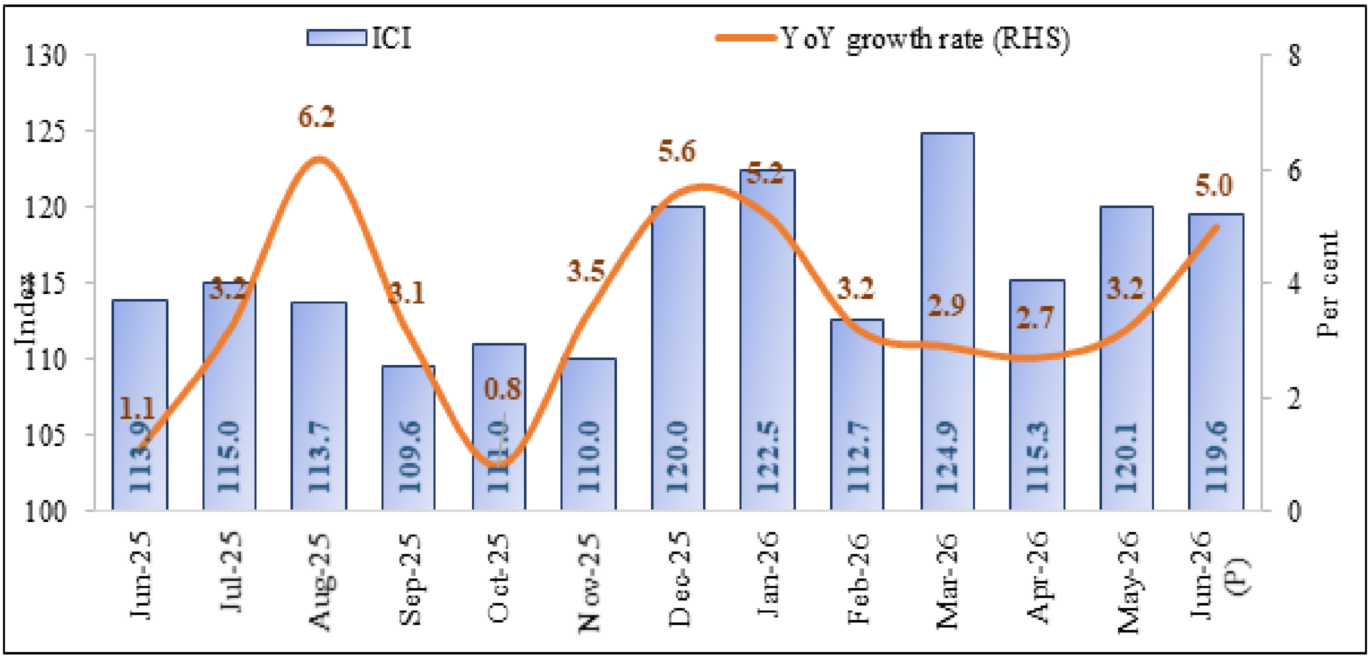
## Index of Core Industries (ICI) July 2026: Strong Infrastructure Momentum Continues under the Revised Series

The Index of Core Industries (ICI), released monthly by the Office of the Economic Adviser (OEA), DPIIT, the performance of the country's core infrastructure sectors that supply essential inputs to manufacturing, construction and services. Beginning June 2026, the index has shifted to a new base year of 2022-23 and now covers nine core industries instead of eight with the inclusion of Iron Ore.

**Industrial growth gains momentum**

The Index of Core Industries recorded 5.0 per cent year-on-year growth in June 2026, improving from 3.2 per cent in May 2026. This is the strongest growth recorded since January 2026. The cumulative growth during April–June 2026 stood at 3.6 per cent, compared with 1.0 per cent during the corresponding period of the previous year.

**Chart 1: ICI and growth rate**




(**Source:** Office of Economic Advisor )

**Growth was broad-based but uneven**

The latest data shows a clear divergence between infrastructure-linked sectors and energy-producing sectors.

## Index of Core Industries (ICI) July 2026: Strong Infrastructure Momentum Continues under the Revised Series

| Sector | Weights as per new series | YoY Growth (May 2026) | YoY Growth (June 2026) | Plausible Reasons |
|---|---|---|---|---|
| Iron Ore | 4.905 | 19% | 43.9% | Growth accelerated sharply, making Iron Ore the single largest contributor to overall ICI growth. |
| Electricity | 30.932 | 11.2% | 9.8% | Growth remained robust despite a slight moderation, indicating continued strength in industrial activity and seasonal electricity demand. |
| Cement | 4.41 | 8.4% | 9.8% | Reflects healthy construction activity |
| Steel | 17.584 | 5.1% | 4.6% | Continued manufacturing and infrastructure demand |
| Coal | 5.596 | -9.5% | 1.4% | Coal production recovered significantly which provided additional support to overall industrial output. |
| Fertilizers | 2.731 | -1% | -3.3% | Production contracted further, possibly reflecting seasonal factors and lower production during the month. |
| Crude Oil | 7.43 | -4.2% | -4.2% | Production remained weak with no improvement, indicating persistent structural challenges in domestic crude oil output. |
| Refinery Products | 22.572 | -8.2% | -4.7% | Lower refinery output |
| Natural Gas | 3.841 | -5.0% | -7.4% | Continued contraction |

Iron Ore and Electricity together contributed significantly to the overall increase in the index, while declines in crude oil, natural gas and refinery products partly offset the gains.

**ASSOCHAM Assessment**

The latest ICI numbers suggest that **India's industrial demand remains resilient**.

Higher production of steel, cement and electricity indicates continued momentum in infrastructure projects, manufacturing activity and construction. These sectors generally respond quickly to higher investment spending, making them useful indicators of economic activity.

At the same time, weakness in crude oil, natural gas and refinery products points towards supply-side constraints rather than weak demand. Since refinery products carry a relatively large weight in the index, their decline limits the overall growth rate.

Overall, the data indicates that domestic investment and infrastructure activity continue to support industrial growth despite weakness in parts of the energy sector.

## Index of Core Industries (ICI) July 2026: Strong Infrastructure Momentum Continues under the Revised Series

### Revision of the Index (Base Year 2022-23)

The Office of the Economic Adviser has revised the ICI series by changing the base year from **2011–12 to 2022–23**. Periodic revision of the base year is a standard statistical practice that ensures economic indicators remain aligned with the changing structure of the economy.

The revised series incorporates several methodological improvements to better reflect present-day industrial production patterns.

*Major changes in the revised series*

| Earlier Series (2011–12) | Revised Series (2022–23) |
|---|---|
| Eight core industries | Nine core industries |
| Iron Ore excluded | Iron Ore included |
| Steel based on net production | Steel based on gross production |
| Included Raw Coal, Washed Coal and Coal Middlings | Only Raw Coal retained to avoid double counting |
| Old sector weights | Updated weights based on revised IIP |
| Base Year: 2011–12 | Base Year: 2022–23 |

The revised series now assigns the highest weight to **Electricity (30.93%)**, followed by **Refinery Products (22.57%)** and **Steel (17.58%)**. These three sectors together account for over 70 per cent of the overall index, making them the key drivers of monthly movements in ICI.

The revised methodology also introduces a **linking factor of 1.47**, enabling comparison between the old and new series while maintaining continuity in long-term analysis.

### Conclusion

The latest ICI data indicates that India's industrial activity remains on a steady growth trajectory, supported by sustained expansion in infrastructure and manufacturing-related sectors. The revised ICI series, with an updated base year and broader sectoral coverage, provides a more representative measure of the country's evolving industrial structure.

While the strong performance of electricity, cement, steel and iron ore reflects continued investment-led growth, the persistent weakness in crude oil, natural gas and refinery products highlights the need to strengthen domestic energy production and improve supply-side efficiency. Going forward, maintaining momentum in infrastructure development while addressing challenges in the energy sector will be essential for ensuring broad-based and sustainable industrial growth.

# Forex Analysis

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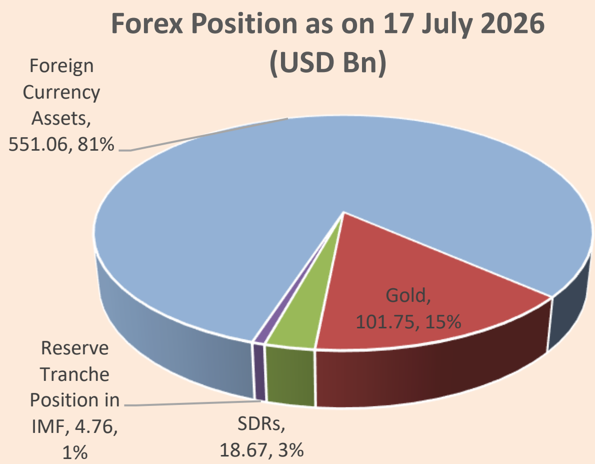
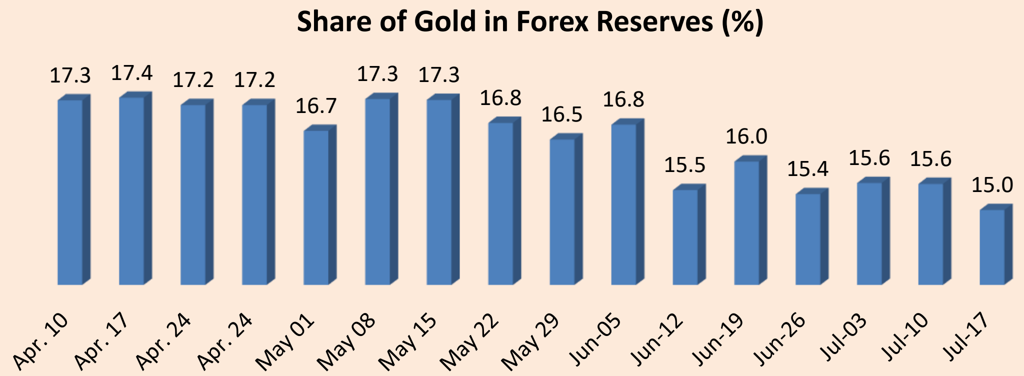
## India's Foreign Exchange Reserves Stood At USD 676.24 Billion

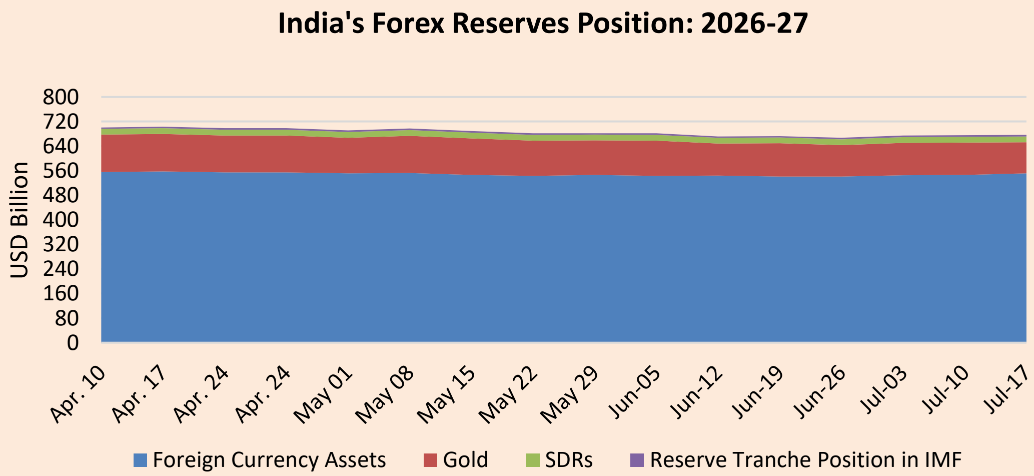
### ASSOCHAM Perspective

- India's Forex reserves as on 17 July 2026 stood at USD 676.24 billion registering an increase of USD 1.08 billion compared to last week.
- Foreign currency assets which constitute a major part of forex reserves stood at USD 551.06 billion up by USD 4.55 billion.
- Gold, the second largest component recorded a value of USD 101.75 billion.
- Lower levels since the peak reflect Reserve Bank of India interventions to support the rupee against volatility linked to Middle East geopolitical tensions.




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



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## India's Foreign Exchange Reserves Stood At USD 676.24 Billion

**India's Forex Reserves and Components (USD 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 |

(Source: RBI)

# ASSOCHAM India Monitor
## (AIM Weekly)


### ASSOCHAM Global Research Team

| Dr. S. P. Sharma | Ms. Ruchi Singhal | Ms. Yatika Gupta | Mr. Aprant Agarwal | Ms. Arun Singh Rathore | Ms. Avneet Kaur |
|---|---|---|---|---|---|
| Chief Economist | Additional Director | Joint Director | Assistant Director | Deputy Director | Senior Executive |

**Corporate Office**
**ASSOCHAM**
4th Floor, YMCA Cultural Centre and Library Building,
01, Jai Singh Road, New Delhi - 110001


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