Business Standard. Dt: 01/07/26

Export finance mechanism for MSMEs in works

MONIKA YADAV
New Delhi, 30 June

The government plans to consider an export finance window for MSMEs (micro, small, and medium enterprises) — in consultation with the Department of Financial Services (DFS), industry and export councils — after exporters flagged working capital constraints from long payment cycles. Export financing was "certainly an area worth exploring", said Bharat Khera, secretary for micro, small and medium enterprises (MSMEs), at a Confederation of Indian Industry event on Tuesday.

"We can perhaps work on it in consultation with the industry as well as with the DFS... Many of the MSMEs today are members of the export promotion councils also, and we can certainly work out an arrangement for export finance," Khera said.

The suggestion came after an industry representative noted that MSME exporters have to pay their domestic suppliers within 45 days, while export proceeds are often realised only after goods reach overseas destinations, creating a cash-flow gap of nearly 90 days. The representative urged the government to consider a financing mechanism to bridge this mismatch.

Khera acknowledged that disruptions caused by the West Asia conflict had affected export consignments and cash flows, but said the government had already introduced the Emergency Credit Line Guarantee Scheme to help MSMEs tide over liquidity and working capital challenges. The government had engaged with the Department of Revenue and the shipping authorities to address logistical bottlenecks arising from the crisis.

He said access to affordable finance remains key to helping enterprises scale up. He noted that Credit Guarantee Scheme for Micro and Small Enterprises has enabled guarantees of nearly ₹13 trillion, significantly improving credit flow to the sector. Bank credit to MSMEs has increased from around ₹10 trillion a decade ago to nearly ₹37 trillion now, Khera said.

The ECLGS provides 100 per cent guarantee cover and additional credit of up to 20 per cent over existing sanctioned working capital limits. Citing information from the DFS, he said over ₹1 trillion had already been disbursed. The scheme had helped MSMEs tide over liquidity and working capital issues arising from disruptions such as the West Asia crisis, while exporters had also started exploring new markets, he said.

Besides debt financing, the government has also sought to strengthen equity funding through the Self-Reliant India Fund. According to Khera, the fund has leveraged investments of around ₹58,000 crore, with equity support already extended to a large number of micro and small enterprises.

Addressing concerns over delayed payments, Khera described the Trade Receivables Discounting System as a "game changer". Invoice discounting on the platform has expanded sharply in recent years and 250,000 enterprises are now onboarded. Payments pending beyond the statutory 45-day period are also being monitored through the MSME Samadhaan portal for central public sector enterprises.

Khera also said the government has requested the commerce ministry to incorporate dedicated MSME chapters in free-trade agreements.

Business Standard. Dt. 01/07/26

India's PCB exports to China a rare success story

Exports surged over 40-fold to $1.5 bn in FY26

ASIT RANJAN MISHRA & AASHISH ARYAN
New Delhi, 30 June

India's exports of printed circuit boards (PCBs) to China surged over 40-fold to $1.5 billion in FY26, suggesting that Beijing is increasingly sourcing simpler, lower-value electronic assemblies from its southern neighbour as it moves up the value chain at home.

Total PCB exports by India rose more than 20-fold in FY26 to $1.9 billion, commerce department data shows. Nearly 80 per cent of that went to China alone, up from just $36 million in FY25. The numbers mark an unusual, though small reversal in a bilateral trade relationship long defined by India's dependence on Chinese electronics components. India imported $46.4 billion worth of electronics items from China in FY26, comprising 35 per cent of its total imports of $131.6 billion. India's exports to China grew around 37 per cent to $19.5 billion in FY26, leading to a bilateral trade deficit of $112.1 billion. PCBs stood as the second largest shipped item to China after light naptha in FY26.

A senior official in the Ministry of Electronics and Information Technology said India's domestic market demand for PCBs is now maturing. "The simpler designs would find demand in mass markets like China, where production units may not find it cost-effective to manufacture the same product," he added.

Another official said that the rise in PCB exports could be chiefly due to the growth of smaller players who have moved from assembling these products to manufacturing them in small quantities for export.

PCB manufacturing falls under the government's ₹22,919 crore electronics component manufacturing scheme which incentivises manufacturing of multi-layer PBCs, high-density interconnect PCB, copper clad laminates.

The first tranche of approved projects, worth ₹5,500 crore and cleared in October 2025, is expected to meet all of India's domestic copper clad laminate needs, 20 per cent of domestic PCB demand, and 15 per cent of camera module demand. The beneficiaries are Kaynes Circuits India, Syrma Strategic Electronics, Ascent Circuits, and SRF Limited.

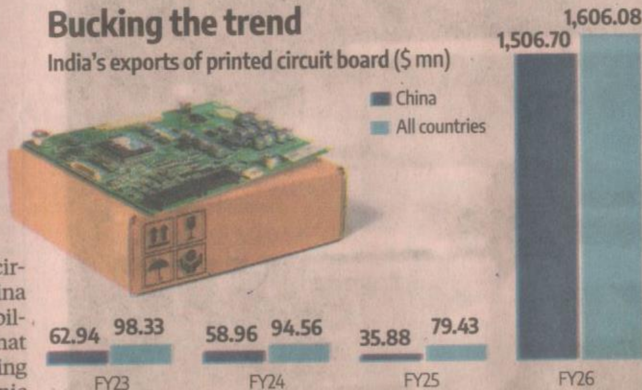
The PCB numbers sit alongside a broader smartphone export story. The Production Linked Incentive (PLI) Scheme for Large Scale Electronics Manufacturing, launched in 2020 to boost domestic mobile phone manufacturing, has helped make smartphones India's single largest export item with shipments growing 22 per cent to $29.4 billion in FY26.

"In recent years, India's electronics sector has achieved extraordinary growth, emerging as the third largest and fastest-growing export category in 2024-25," the government said in an October 2025 statement, adding that ECMS is designed to build on that momentum. The overall share of manufacturing in India's GDP stands at close to 16 per cent as of FY26, aided by moderate-to-high success in the various PLI schemes.

Pankaj Mohindroo, chairman of domestic industry body India Cellular and Electronics Association, said that the data demonstrates that the various PLI schemes, supply chain diversification efforts and investments in electronics manufacturing are beginning to translate into deeper value addition and stronger participation in global electronics value chains. "The exports are likely dominated by assembled boards used in smartphones, telecom equipment, consumer electronics and IT hardware. Beyond PCBs, India is also exporting a growing range of electronic modules and sub-assemblies, reflecting higher domestic value addition and stronger integration with global supply chains."

Bucking the trend

India's exports of printed circuit board ($ mn)



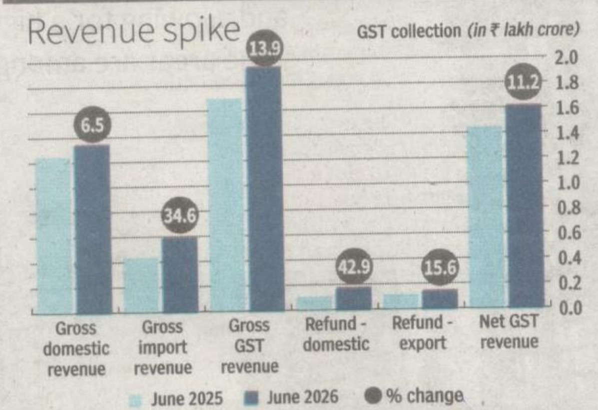
Source: Department of Commerce

Business Line. Dt:- 02/07/26

June GST mop-up surges 14% on hike in import tax

GAINING MOMENTUM. First quarter of FY27 sees 8.4% growth in gross collections

Shishir Sinha
New Delhi



Source: GST Portal

Strong import-related tax collections lifted gross Goods and Services Tax (GST) collections to ₹1.95 lakh crore in June, marking a robust 14 per cent year-on-year growth compared to the same month last fiscal, according to data released by the Finance Ministry on Wednesday.

As per data, gross collections from domestic transactions were up 6.5 per cent to about ₹1.35 lakh crore. These include Central GST (CGST), State GST (SGST) and integrated GST (IGST) collections of ₹37,376 crore, ₹45,116 crore, and ₹52,282 crore, respectively. GST revenue from imports surged 34.6 per cent to ₹60,038 crore. Total refunds were up 29.1 per cent at ₹32,436 crore. After adjusting refunds, net collection grew 11.2 per cent to over ₹1.62 lakh crore.

During the first quarter of the current fiscal year, gross GST collections grew 8.4 per cent to about ₹6.32 lakh crore. This includes a 2.8 per cent growth in tax revenues from domestic transactions and a 26.2 per cent growth in imports.

According to Vivek Jalan, Partner at Tax Connect, net GST collections rose by 11.2 per cent, with domestic revenues growing by 2.6 per cent despite the GST 2.0 rate reductions and the impact of accumulated input tax credit on stocks, expected to last 9–12 months.

"This shows that consumption remains robust even under structural adjustments; and also challenges such as ITC accumulation on input services under the inverted duty structure, something which is expected that the GST Council would address in the July 2026 meeting in Kolkata," he said.

Saurabh Agarwal, Tax Partner at EY India, said the accelerated pace of GST refunds underscores the government's proactive commitment to unlocking business liquidity and ensuring that working capital constraints do not stifle industry growth.

Further, the impressive revenue surge in States and Union Territories like Manipur, Assam, Andaman and Nicobar, and Lakshadweep points toward a highly broad-based, inclusive economic development model.

"The rising share of collections from imports warrants closer structural analysis. To mitigate this reliance and further catalyse domestic capacity, there is a compelling case for policy recalibration — specifically by redeploying unutilised outlays from the production linked incentive (PLI) schemes to strategically attract and scale high-value manufacturing within India," Agarwal said.

NINE YEARS

According to Manoj Mishra, Partner at Grant Thornton Bharat, as GST completes nine years today, the June numbers mirror the evolution of the reform itself.

The consistency of collections around the ₹2 lakh crore mark, alongside faster refunds, demonstrates that GST is maturing into a predictable and technology-driven revenue framework.

"The vision of *Ek Bharat, Shreshtha Bharat* is now visible not just in a unified market but in a more integrated compliance ecosystem where improved tax administration is translating into stronger and more stable revenues for both the Centre and the States," he said.

Business Standard. Dt:- 02/07/26

Russian oil imports reach record high

SHUBHANGI MATHUR
New Delhi, 1 July

India's imports of Russian crude oil climbed to a record 2.58 million barrels per day (bpd) in June, driven by constrained supplies from West Asian producers and discounts offered by Moscow, amid subdued demand from China.

With China significantly reducing crude oil purchases, Russia is offering oil at a discount of $2-5 per barrel to India. This compares to a premium of $13-15 per barrel paid by refiners from March to May, during the beginning of the conflict, as countries raced to secure supplies.

Data from maritime intelligence firm Kpler showed that Russia accounted for more than half of India's crude oil imports in June. The United Arab Emirates (UAE) and Venezuela were among the other major suppliers, with India importing about 510,000 bpd and 360,000 bpd from the two countries, respectively, during the month.

Indian refiners have reshaped their crude sourcing strategy amid the ongoing West Asia crisis, increasing purchases from Russia while also stepping up imports from non-traditional suppliers such as Venezuela, Brazil and Angola. India's crude oil imports stood at 4.92 million bpd as of June 29. This is broadly in line with pre-conflict levels and exceeding the 4.7 million bpd imported during the corresponding period last year.

LPG imports

The United States (US) emerged as India's largest supplier of liquefied petroleum gas (LPG) in June, as imports from key West Asian exporters, including the UAE, Qatar, Saudi Arabia and Kuwait, remained subdued.

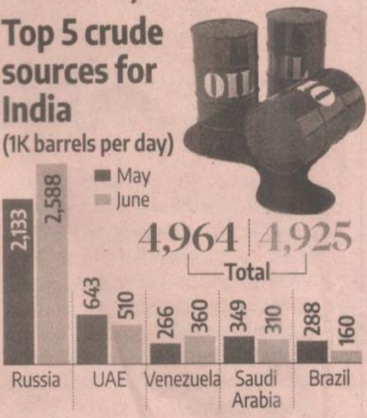
In June, the US accounted for 65 per cent of India's LPG imports, supplying about 0.77 million tonnes, according to Kpler data. However, India's overall LPG imports remained around half of pre-conflict levels, totalling 1.191 million tonnes during the month.

India is facing a more acute supply crunch in LPG than crude oil due to limited global availability of the fuel and the country's greater dependence on West Asia. To mitigate the impact of supply disruptions and ensure uninterrupted cooking gas availability for domestic consumers, Indian refiners increased LPG production to a record 50,000-52,000 tonnes per day.

However, following signs of easing supply concerns after the US and Iran signed an interim agreement to end the conflict, the government on June 25 directed refiners to maintain LPG production at a minimum of 40,000 tonnes per day.

Nearly 90 per cent of India's LPG imports are transported through routes linked to the Strait of Hormuz.

Top 5 crude sources for India
(1K barrels per day)



Data is till June 29, with only top five sources considered
Source: Kpler

Moscow buys gasoline from New Delhi

Russia has started seaborne imports of gasoline from India, industry sources said on Wednesday, to mitigate fuel shortages triggered by Ukrainian attacks on its energy infrastructure.

An industry source said at least 60,000 metric tons of gasoline have been dispatched from India to Russia. Another source said that two tankers, with parcels of 30,000 to 40,000 tons each, have been sent. Russia's energy ministry and India's oil ministry did not respond to requests for comment. REUTERS

The Economic Times Dt: 02/07/26

PMI AT 54.2; SURVEY POINTS TO WEAKENING BUSINESS CONFIDENCE

June Mfg PMI Hits 3-mth Low on Weak Export & Biz Orders

Our Bureau

New Delhi: India's manufacturing activity eased to a three-month low in June as growth in new business orders and export demand weakened, softening output expansion, a private survey released Wednesday found.

The HSBC Purchasing Managers Index (PMI) compiled by S&P Global fell to 54.2 in June from 55 in May. It stood at 58.4 in June 2025.

A reading above 50 indicates expansion while a figure below that signals contraction.

Pranjul Bhandari, chief India economist at HSBC, said the moderation suggests demand has cooled slightly after the earlier surge linked to the Middle East conflict.

"Growth slowed across output, new orders, export orders and employment, with international sales recording their weakest increase since March 2023," she said.

The survey also pointed to weakening business confidence. The share of manufacturers expecting output to grow over the next year halved from May, while a larger proportion of firms reported neutral expectations. Overall optimism dropped to a five-month low, amid concerns over demand and market conditions.

LOSING STEAM

HSBC India Manufacturing PMI

Source: HSBC

Demand slows eases in June

Inflation pressures ease

Confidence level among firms declines

Hiring loses momentum

According to the survey, growth in both output and new orders was the weakest in four years, except for March. While some firms reported an improvement in demand, others cited subdued customer appetite and intense market competition.

The slowdown was driven primarily by the capital goods segment, where growth eased sharply. In contrast, consumer and intermediate goods manufacturers recorded faster growth.

International demand for Indian goods continued to improve in June, but at its slowest pace in 39 months, with companies reporting weaker sales in some European markets.

As demand growth softened, manufacturers became less willing to raise prices. Output charges increased at the slowest pace in three months.

Cost pressures also eased, with input prices rising at their slowest rate since February.

Business Line. Dt: 03/07/26

Coffee export volumes rise 28% in Q1, value up 12% on higher demand

Vishwanath Kulkarni
Bengaluru

Coffee exports posted robust growth in the April-June quarter of FY27, with shipment volumes rising 28 per cent on strong demand from traditional European markets despite logistics disruptions caused by the West Asian crisis.

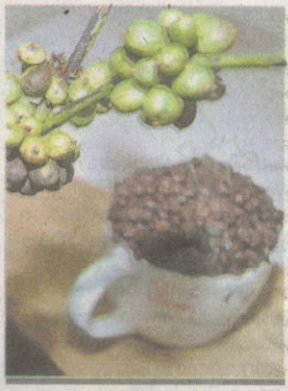
Export volumes increased to 1.30 lakh tonnes during the quarter from 1.01 lakh tonnes a year earlier.

Export earnings rose 12 per cent to $678 million from $603 million, while rupee realisations climbed 24 per cent to ₹6,412 crore from ₹5,162 crore.

However, average realisation slipped to ₹4.91 lakh a tonne from ₹5.09 lakh a year ago due to lower global coffee prices, although the impact was partly offset by a weaker rupee.

"The 28 per cent growth in volumes was good and surprised many of us. But for the Iran crisis, we would have seen at least 10 per cent higher growth," said Ramesh Rajah, President, Coffee Exporters Association.

He said Indian coffee was competitively priced in Europe, aided by slightly lower domestic prices and a strong robusta crop.



Strong brew
(India's coffee exports in April-June quarter)

	Q1FY27	Q1FY26
Permits issued (tonnes)	1,30,393	1,01,420
Value ($ million)	678	603
Value (₹ crore)	6,412	5,162
Unit value (₹/tonne)	4,91,743	5,09,024

Source: Coffee Board

FREIGHT COSTS WEIGH

Higher freight rates arising from supply chain disruptions linked to the West Asian conflict weighed on exporters' realisations, though the weaker rupee provided some cushion.

Looking ahead, Rajah said export volumes were expected to remain strong through the rest of the year, supported by healthy demand for robusta coffee as shipments from Vietnam have slowed.

"There is strong buyer interest because Indian coffee offered excellent value in the first quarter, particularly washed arabicas and robusta cherry. The outlook for the remaining quarters is positive and we could match or even surpass last year's exports if the current momentum continues," said Praveen Kolimarla of Agrani Coffee and Commodities.

Heavy rain disrupting Brazil's harvest could further boost demand for Indian coffee, especially robusta varieties, he added.

TOP EXPORTERS

During the first six months of calendar year 2026, India's coffee exports rose 25 per cent to 2.55 lakh tonnes from 2.04 lakh tonnes a year earlier.

In value terms, exports increased 13 per cent to $1.3 billion from $1.15 billion.

Louis Dreyfus Company India Pvt Ltd emerged as the largest exporter during the January-June period with shipments of 24,351 tonnes, followed by CCL Products (20,834 tonnes) and NKG India Coffee (16,485 tonnes).

Business Standard. Dt: 03/07/26

LatAm, Africa power strong Q1 recovery in 2W exports

SOHINI DAS
Mumbai, 2 July

India's two-wheeler makers posted another month of strong export growth in June, extending the recovery seen through the first quarter of financial year 2027 (Q1FY27), as improving demand in Latin America and Africa continued to power overseas shipments. Bajaj Auto, Honda Motorcycle & Scooter India (HMSI), TVS Motor, Hero MotoCorp and Suzuki Motorcycle India all reported double-digit year-on-year (Y-o-Y) growth in exports during the month. Royal Enfield, however, remained the outlier with a decline in overseas shipments.

Bajaj Auto led the pack in June with a 49 per cent jump in exports, followed by TVS Motor at 48 per cent and HMSI at 47 per cent. Hero MotoCorp's overseas shipments rose 33 per cent, while Suzuki Motorcycle India reported 12 per cent growth. In contrast, Royal Enfield's exports declined 12 per cent.

The June performance capped a strong first quarter for exports. Hero MotoCorp's overseas shipments surged 63.3 per cent during April-June, while Bajaj Auto's rose 52 per cent. HMSI's exports increased 36 per cent during the quarter, while TVS Motor's international business grew 33 per cent and Suzuki Motorcycle India's exports increased 8.9 per cent. However, Royal Enfield's exports fell 20 per cent.

Domestic dispatch growth lagged exports. Royal Enfield's domestic sales rose 31.6 per cent during April-June, Hero MotoCorp's increased 20.7 per cent, HMSI's grew 15 per cent, Bajaj Auto's rose 10.8 per cent and Suzuki Motorcycle India's increased 8.1 per cent, underscoring that export growth outpaced domestic growth for most manufacturers, even as domestic volumes remained substantially larger. Rakesh Sharma, executive director, Bajaj Auto, said demand in Latin America remained strong, while Africa continued to be steady.

Motilal Oswal expects exports to remain Bajaj Auto's principal growth driver this year. In a June report, the brokerage said Latin America has emerged as the company's largest export region, accounting for about 35 per cent of shipments, ahead of Africa at around 30 per cent. The brokerage expects Bajaj Auto's exports to grow around 20 per cent in FY27, despite geopolitical uncertainties.

Zooming ahead

*Note: TVS discloses international business (two-wheelers + three-wheelers) on a year-to-date basis rather than standalone two-wheeler exports
Source: Companies

More on business-standard.com

Business Standard. Dt: 03/07/26

Tata Electronics overtakes Foxconn by assembling $26.3 bn iPhones for exports

SURAJEET DAS GUPTA
New Delhi, 2 July

Despite being a late entrant, Tata Electronics has overtaken Taiwanese electronics manufacturing services (EMS) giant Foxconn to grab a larger share of assembling iPhones, which are exported from the country, during the five-year production linked incentive (PLI) scheme period between financial year 2021-22 (FY22) and FY26.

According to data provided by vendors to the government, iPhones assembled by Tata Electronics, which were exported in this five-year period, were pegged at a value of $26.3 billion compared to Foxconn, which was behind at $25.6 billion.

Not only that, Tata Electronics has been able to close in

on Foxconn on its share of total production value of iPhones — exports as well as domestic market — made in the country. With a total production value of $35.5 billion between FY22 and FY26, it has a 46.01 per cent share. In comparison, Foxconn continues to lead with a production value of $38 billion in what is a two-way battle.

Queries to Tata Electronics and Foxconn, however, did not elicit any response. Apple Inc spokesperson also did not respond.

Foxconn's larger domestic market share drives this difference. Its iPhones that are made for the domestic market hit $12.4 billion, which is double of Tata Electronics' production value of $6.3 billion.

Foxconn started assembling iPhones for Apple Inc from 2019 even before the PLI scheme kicked in. The Tatas, on the other hand, have been a late entrant in the Apple Inc supply chain, getting into iPhone assembly business only after they acquired 100 per cent stake in Taiwanese giant Wistron in November 2023. They followed it up by also picking up a 60 per cent stake in Pegatron in 2024, making it a two-way battle.

Over the five-year period, exports were clearly the main focus for Apple Inc. The numbers tell the story: exports accounted for 73.6 per cent of the total production value of iPhones assembled in the country, with the remainder coming from the domestic market.

For a company which sold very few iPhones imported from China to cater to the domestic market, the PLI period saw a boom in iPhone sales supported by attractive exchange offers and discounts, and changing consumer preference for premium phones.

As a result, iPhones valued at $18.6 billion (₹176,680 crore) were sold in the domestic market in the five-year period — a clear reflection why the company has been able to increase both its value and now volume share in the domestic sweepstakes.

FINANCIAL EXPRESS. Dt: 06/07/26

GOVT DEVELOPING INDEPENDENT AI TESTING CAPABILITY

India builds AI fallback amid US export curbs

OJASVI GUPTA
New Delhi, July 5

US RESTRICTIONS ON access to advanced artificial intelligence (AI) models are beginning to reshape India's AI strategy, with the government building independent capability to test critical software and cybersecurity systems instead of waiting for access to Anthropic's most advanced model.

The ministry of electronics and information technology (MeitY) has started using alternative frontier AI models to stress-test critical code while accelerating work on indigenous frontier models, reflecting a broader effort to reduce reliance on overseas AI platforms for strategic applications. The move comes even as India continues to seek access to Anthropic's Mythos 5 under Project Glasswing, a trusted-partner programme that Washington is yet to expand.

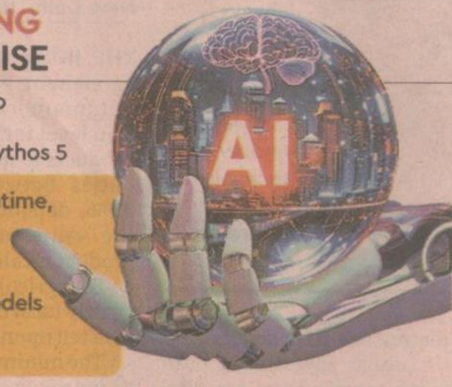
"We are one of the trusted countries to explore participation in Anthropic's Glasswing exercise so that we have access to these models and can stress-test our own systems. At the same time, we cannot wait for that process. We have developed in-house capabilities to test critical code using other AI models that are currently around 60-70% as capable as Mythos," MeitY Secretary S Krishnan said at the CII Cybersecurity Summit recently. He said the ministry is encouraging government departments to earmark at least 15% of their IT budgets for cybersecurity, signalling that strengthening cyber resilience is becoming a parallel priority as AI adoption gathers pace.

The government's response follows Washington's decision to retain export restrictions on Mythos 5 even after lifting curbs on Anthropic's Fable 5 model for India. Officials say the episode underscores the risks of relying on overseas firms for technologies that are central to national cybersecurity.

Continued on Page 5

A BLESSING IN DISGUISE

- India is yet to get access to Anthropic's Mythos 5
- In the meantime, India has started using alternative frontier AI models to stress-test critical code
- Work on indigenous frontier models to secure AI systems critical to government infrastructure has been accelerated



Firms brace for wider AI cyber risks, likely to raise spending

URVI MALVANIA
Mumbai, July 5

INDIAN ENTERPRISES MAY need to raise cybersecurity spending to 15-20% of their IT budgets over the coming years as artificial intelligence (AI) expands the digital attack surface and pushes cyber risk into the boardroom, according to industry executives. The shift marks a departure from treating cybersecurity as a technology or compliance expense to viewing it as a strategic investment in business resilience, with boards increasingly focused on operational continuity, regulatory compliance and financial risk.

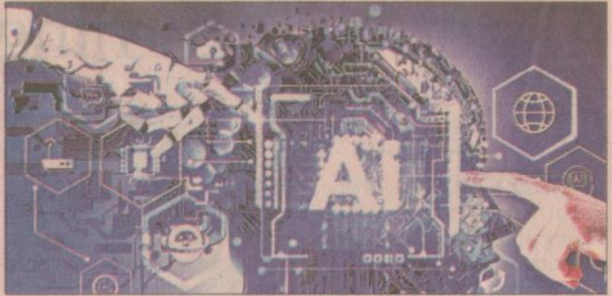
At present, firms allocate about 8-10% of their IT budgets to cybersecurity, while sectors such as banking spend 10-15%.

Continued on Page 5

India builds AI fallback amid US export curbs

THE UNCERTAINTY HAS also strengthened the case for accelerating indigenous frontier AI development under the IndiaAI Mission, alongside efforts to deepen partnerships with trusted technology providers abroad. Officials maintain that engagement with Anthropic and the US government will continue, but say domestic capability can no longer remain contingent on external approvals.

Industry experts say India should also seek a more predictable framework for accessing strategic AI technologies.



"India should not settle for discretionary access. We should ask for allied-tier treatment, or at least a transparent, trusted-partner framework based on Pax Silica and similar agreements," Nikhil Narendran, partner at Trilegal, told *FE*.

Jaspreet Bindra, co-founder of AI&Beyond, said the present arrangement risks making access to frontier AI a geopolitical bargaining chip. "Granting access on a case-by-case basis creates uncertainty and weakens the notion of a consistent 'ally' framework. India should advocate for transparent, tier-based eligibility similar to Nato+ or Quad-style technology partnerships rather than discretionary approvals. Otherwise, AI access risks becoming a bilateral bargaining tool," he said.

The uncertainty is already influencing enterprise AI adoption. Companies are increasingly evaluating open-weight models such as GLM-5.2 and Qwen, which can run on domestic infrastructure at lower cost while offering greater flexibility for fine-tuning and deployment.

"Models such as GLM-5.2 and Qwen can run significantly cheaper on domestic infrastructure, eliminate recurring API costs, and allow complete fine-tuning. However, the US may still interpret widespread adoption as a geopolitical signal," Bindra said.

Industry estimates place India as Anthropic's second-largest market by consumption. But experts say the latest restrictions may have effects that outlast the export controls themselves. Enterprises that migrate to alternative models are unlikely to switch back quickly even if access to Mythos 5 is restored, as doing so would require fresh performance testing, retraining and regulatory certification.