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The Sapta Dhara (or Saptadhara) framework is a seven-pillar roadmap unveiled by Prime Minister Shri Narendra Modi in his Independence Day address on 15th August 2026 to accelerate India's journey toward Viksit Bharat 2047. As India advances towards this vision, the challenge is not only to sustain high growth, but to make that growth broad-based, inclusive, resilient and globally competitive. This journey will require these engines of transformation to move together with purpose and coherence.

Sapta Dhara, or the seven streams, outlines integrated framework, bringing together manufacturing, agriculture, technology, infrastructure, defence, green and blue economy, and soft power as mutually reinforcing pillars of national progress. It captures the achievements of the past decade, recognises the gaps that still need attention, and sets the direction for the next phase of reforms that can convert India's demographic strength, entrepreneurial energy and policy momentum into long-term prosperity.

1. **Manufacturing:** The first Dhara is a stronger production ecosystem. India must move beyond low-value assembly towards complete value chains covering design, research, components, advanced manufacturing, logistics and after-sales services. A competitive manufacturing base will create quality employment, deepen exports, strengthen MSMEs and reduce strategic dependence on imports. *To achieve this, policy support must be matched by faster land and labour facilitation, lower logistics cost, reliable power, skilling at scale and stronger integration with global supply chains.*
2. **Agriculture:** The second Dhara is the transformation of agriculture from subsistence-led production to globally competitive agro-food value chains. This requires higher farm productivity, crop diversification, irrigation efficiency, digital advisory services, quality inputs, storage, processing, cold chains and direct access to domestic and export markets. Farmers must be connected not only to cultivation, but also to value addition, branding, food processing and agri-exports. *Such a shift can raise rural incomes, reduce wastage, support nutrition security and make agriculture a more reliable engine of inclusive growth.*
3. **Technology:** The third Dhara is technology as the connective tissue of the economy. Artificial intelligence, semiconductors, quantum technologies, advanced materials, biotechnology and digital public infrastructure are redefining productivity, competitiveness and strategic capability. For India, the task is to ensure that these technologies do not remain confined to a few advanced sectors, but are embedded across manufacturing, agriculture, services, governance and public delivery. *This will improve efficiency, expand access, enhance transparency and help India secure a stronger position in emerging global value chains.*
4. **Infrastructure:** The fourth stream is infrastructure that functions as an integrated growth network rather than a collection of isolated assets. The Gati Shakti approach can connect roads, railways, ports, airports, waterways, industrial corridors and logistics systems to reduce costs, improve asset utilisation and support exports. World-class infrastructure will be critical for balanced regional development, faster movement of goods, efficient supply chains and greater ease of doing business.

It will also enable tier-II and tier-III cities to become new centres of investment, employment and innovation.

5. **Defence:** The fifth Dhara is defence as a driver of strategic strength and industrial capability. India's defence manufacturing must progress from import substitution to export-led capabilities in electronics, drones, aerospace, cybersecurity, precision systems and advanced manufacturing. A strong domestic defence ecosystem can support innovation, generate high-skilled employment, create opportunities for MSMEs and start-ups, and enhance national security. *The objective should be to build not only self-reliance, but also globally trusted defence products and platforms.*
6. **Green and Blue Economy:** The sixth Dhara is sustainable growth through the green and blue economy. Reliable, affordable and clean energy duly supported by renewables, green hydrogen, battery storage and nuclear power will be central to long-term energy security and industrial competitiveness. At the same time, India's vast coastline and marine resources can unlock opportunities in fisheries, marine biotechnology, offshore energy, port-led development and ocean technologies. *Together, the green and blue economy can help India balance growth with sustainability, climate resilience and resource security.*
7. **Soft Power and Human Capital:** The seventh Dhara is India's soft power, strengthened by its human capital. India's civilisational heritage, democratic values, culture, yoga, traditional knowledge, education, diaspora connect and digital public goods give it a distinctive global identity. However, this influence will become truly powerful only when supported by a skilled, healthy, innovative and confident population. *Education, vocational training, entrepreneurship, re-skilling and greater female workforce participation must therefore be treated not merely as social priorities, but as core economic imperatives that determine productivity, innovation and inclusion.*

The strength of Sapta Dhara lies in recognising that these seven areas are not isolated priorities, they are deeply interconnected drivers of national transformation. Manufacturing requires technology, infrastructure and skilled human capital. Agriculture depends on digitisation, logistics, finance and value addition. Defence capability is strengthened by innovation and advanced industry.

Sustainable energy improves long-term competitiveness, while soft power enhances India's global influence and credibility. The next phase of India's development must therefore move from policy intent to measurable outcomes through coordinated execution, removal of cross-sector bottlenecks, stronger institutions and a sharper focus on productivity, exports, quality employment and inclusive growth.

All in all, **Viksit Bharat 2047** will be defined not merely by the size of India's economy, it will be determined by the quality of growth it delivers through higher incomes, wider opportunities, stronger resilience and enhanced global standing. In this context, Sapta Dhara aims to align national priorities with measurable outcomes. Through coherent policy direction, institutional coordination and disciplined execution, Sapta Dhara can collectively accelerate India's transition towards a productive, innovative, sustainable and globally competitive developed nation by 2047.

Sunil Kumar Goel
Chief General Manager

2. INDIA @80: THE ECONOMIC DISTANCE TRAVELLED—AND THE ROAD AHEAD

When India became independent in August 1947, it was a country facing enormous challenges. Poverty was widespread, literacy was low, industrial capacity was limited, and most Indians depended on agriculture for their livelihoods. Life expectancy was around 32 years. The task before the country was not simply to grow, but to build the foundations of a modern economy and create opportunities for a population emerging from decades of hardship. Eighty years on, the contrast is almost unrecognisable. India in 2026 is a multi-trillion-dollar economy, the world's most populous country, a nuclear and space power, a digital leader and an increasingly important participant in the global economy. Real GDP is estimated at Rs. 323.12 lakh crore with a YoY growth of 7.7 per cent, while nominal GDP reached Rs.346.36 lakh crores (8.9% YoY growth) in FY2025-26. India has transformed itself into one of the world's fastest-growing major economies, supported by stronger macroeconomic fundamentals, structural reforms, a vibrant digital ecosystem, robust domestic consumption and sustained investment in infrastructure. In the span of a single lifetime, India has moved from a country where millions depended on kerosene lamps to one capable of building its own nuclear and space capabilities.

But India's transformation is about more than the numbers. Over the past eight decades, the changes have increasingly found their way into everyday life: in the work people do, the opportunities available to them, the businesses they build and the way India connects with the rest of the world. The economic journey is therefore not just a story of a larger GDP, but of a country steadily expanding what is possible for its people.

- **Structural transformation**

The most visible change has been the shift in the economic structure. In the years after Independence, agriculture contributed more than half of national output about 53 per cent of GDP while industry accounted for roughly 16 per cent and services for about one-third. By FY2025-26, services stood at 51.1 per cent of GDP, industry at 24.3 per cent, and agriculture at only 15.2 per cent. India has moved decisively from a farm-dominated economy to a services-led one. Yet people have not moved as quickly as the numbers. Even in 2025, 43 per cent of the workforce remained in agriculture, even though it generates just 15 per cent of output. Services, the engine of GDP, employ only about 32 per cent of workers. Manufacturing and construction together account for roughly a quarter. That gap between where value is created and where people still earn their living remains one of the central unfinished chapters of India's story. India @100 will therefore require productive jobs outside agriculture, and higher productivity within agriculture.

- **External resilience**

India's place in the world has strengthened just as dramatically. Between 2005 and 2024 its share of global merchandise exports nearly doubled, from 1 per cent to 1.8 per cent, while its share of commercial services exports more than doubled, from 2 per cent to 4.3 per cent. India remains the world's largest recipient of remittances, with inflows reaching record levels. Foreign exchange reserves stood above $700 billion in August 2026 a buffer that reflects deeper integration with the global economy and a greater capacity to absorb external shocks. The country that once held its breath with every global tremor now carries a real cushion.

- **Financial deepening**

India's financial system has changed almost as dramatically as the economy itself. At Independence, banking was largely concentrated in urban areas and remained out of reach for a large part of the population. Over the decades, a series of reforms steadily widened access, from bank nationalisation in 1969 and 1980 to the expansion of rural banking, priority-sector lending and Regional Rural Banks, followed by broader financial-sector reforms.

The biggest change, however, has come in the last decade. Jan Dhan, Aadhaar and mobile connectivity, supported by DBT, e-KYC, RuPay, Business Correspondents and the Digital India programme, have brought formal banking closer to everyday life. By July 2026, PM Jan Dhan Yojana had reached approximately 58.9 crore beneficiaries, with deposits of around ₹3.10 lakh crore and more than 41 crore RuPay cards. World Bank data indicate that around 89 per cent of Indian adults had a bank account by 2024, a remarkable change from the limited reach of formal banking in the early decades after Independence. But financial inclusion has evolved into something much broader than simply having a bank account. India's digital financial infrastructure has made payments, savings and investments easier to access, often from a mobile phone and at very low cost. Launched in 2016, UPI has become one of the world's largest real-time payment systems by transaction volume, changing the way millions of Indians pay, save and transact.

The result is a financial system that looks very different from the one India inherited in 1947: more accessible, more digital and increasingly investment oriented.

- **The road ahead**

India's first 80 years were largely about building the foundations, creating institutions, expanding infrastructure, opening the economy and giving millions of people opportunities that were once out of reach. The next 20 years are about converting the capacity into productivity, prosperity and opportunity. As India looks towards ***Viksit Bharat 2047***, the ambition cannot be measured by the size of the economy alone. It is about better jobs, rising incomes, stronger public services, easier access to opportunities and a better quality of life for ordinary Indians. The key transition will be from agriculture to productivity in formal work through productive employment, savings to investment and digital access to digital productivity. India enters this phase with considerable strengths: a large and growing economy, strong foreign exchange reserves, a young population, expanding infrastructure, deeper financial inclusion, a vibrant digital ecosystem and globally competitive businesses. The task now is to build on these strengths and turn them into higher productivity, greater investment and better-quality employment.

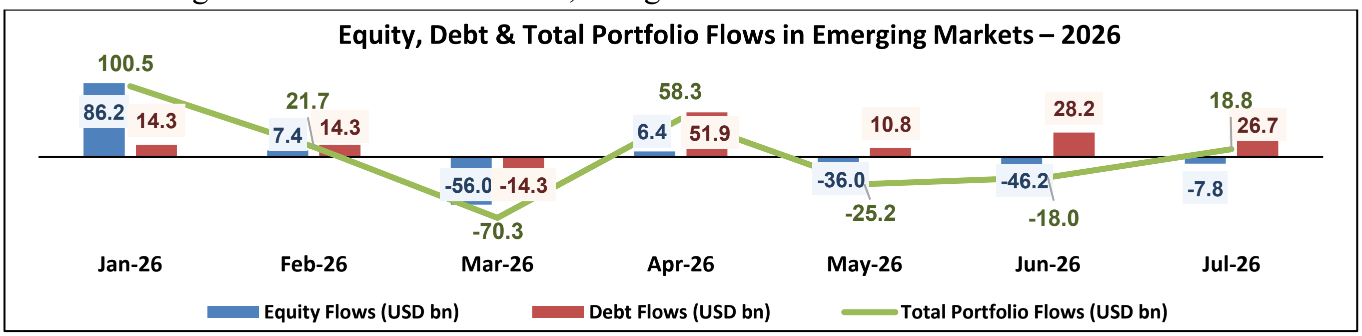
At 80, India has come a remarkably long way. The first 80 years were about expanding access and building capacity, the next 20 must be about converting this capacity into productivity, prosperity and opportunity. That is the promise of ***Viksit Bharat 2047***.

Virendra Prakash Bansal
Deputy General Manager
SMEAD, Head Office

3. CHANGING GLOBAL CAPITAL CYCLE SUPPORTING EMERGING MARKETS

The traditional macroeconomic view of capital flows to emerging markets (EMs) holds that monetary policy easing in advanced economies, particularly the United States, encourages investors to search for yield in EM assets, supporting capital inflows. Conversely, US monetary tightening, dollar appreciation, or a rise in global risk aversion can trigger capital outflows and tighter financial conditions in EMs. These developments may prompt domestic central banks to raise policy rates to support macroeconomic and financial stability, although such actions can come at the cost of slower domestic growth. Currency depreciation, higher funding costs, and external financing pressures can further increase economic and financial vulnerabilities, especially in economies with significant external financing needs or foreign-currency debt.

The current phase of the global financial cycle suggests that this transmission mechanism may be changing. The EM capital flows have shown considerable resilience despite geopolitical tensions, elevated energy prices, uncertainty over the path of US monetary policy and periodic bouts of risk aversion. In Jul’26, net portfolio flows to EMs turned positive at $18.8 Bn after outflows in May’26 and Jun’26. The recovery in Jul’26 was led by debt inflows of $26.7 Bn, while equity investments continued to register an outflow of $7.8 Bn, though lower than $46.2 Bn recorded in Jun’26.



Source: Institute of International Finance (IIF)

The broader evidence is even more striking. Foreign investment in EMs debt instruments exceeded $214 Bn through Jan-Jul’26, the highest level in more than two decades, while EMs borrowers issued around $187 Bn of bonds by mid-year. This revival, however, is not simply a broad-based risk-on trade. Investors are becoming more selective, favouring countries with credible macroeconomic policies, stronger reserves, relatively stable currencies and deeper domestic capital markets.

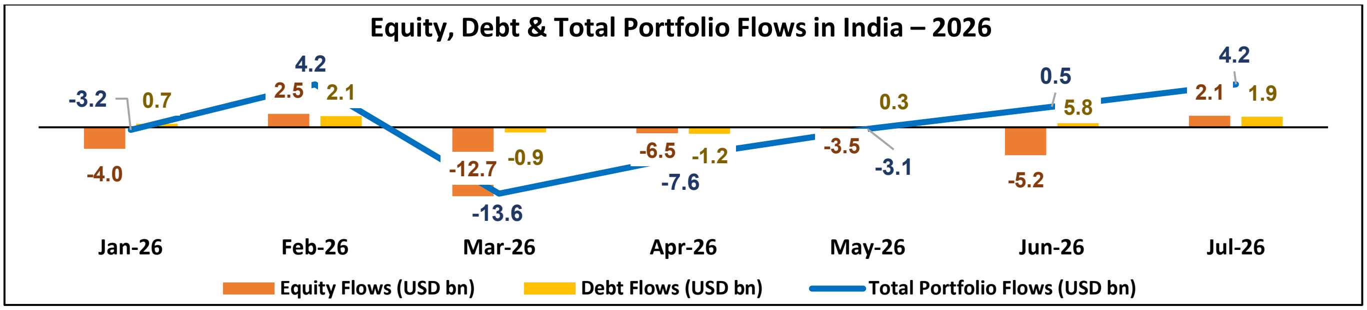
This points to the first major structural change i.e. the growing importance of local-currency finance. Historically, a major source of EMs vulnerability was foreign-currency borrowing. A sharp depreciation of the domestic currency could increase the local-currency burden of external liabilities, resulting in balance-sheet stress precisely when capital is leaving. Deeper local-currency bond markets and larger domestic institutional investor bases have reduced this vulnerability, although they have not eliminated it altogether.

The IMF in its Global Financial Stability Report of Apr’26 estimates that cross border portfolio flows to EMs have increased eightfold to approx. $4 trillion in 2025 since the global financial crisis in 2008, with debt accounting for much of the increase. However, about 80% of this capital is now provided by non-bank investors like investment funds, pension funds and insurers. This brings a double-edged benefit of greater access to international capital, but also greater sensitivity to changes in global risk appetite. Consequently, EMs are more resilient but not insulated.

Further, IMF research pointed out that the domestic fundamentals play an important role in determining the quantity of capital received, while the global financial cycle continues to influence the price of that capital. A rise in US yields or a stronger dollar can therefore still tighten financial conditions even when outright capital flight is avoided.

A second change is occurring in the geography of global finance. International borrowers are increasingly tapping Asia-Pacific bond markets, including Australian-dollar 'kangaroo' bonds and yuan-denominated 'dim sum' and 'panda' bonds, to diversify funding sources and access competitive financing costs. Foreign issuance in Australian-dollar and yuan has risen sharply in 2026. The development does not imply the end of dollar dominance, rather, it suggests greater diversification at the margin of the global funding system.

Amidst this, India's external resilience has also improved considerably over time through a combination of factors including forex reserves, services exports, remittances, domestic financial deepening and a relatively diversified capital-flow structure. Lately, India has benefited from a growing domestic investor base, which provides an important counterweight to fluctuations in foreign portfolio investment that turned positive in Jun'26 after remaining negative from Mar-May'26.



Source: NSDL (FPI Monitor)

Simultaneously, India's ability to attract foreign capital from different sources like recently from FCNR(B) deposits, OFCBs & ECBs ($56.8 Bn from 8th Jun - 13th Aug'26) illustrates an important feature of diversification in its external financing model. The objective should therefore not be to maximise foreign capital inflows, but to ensure that their composition remains stable and productive. A deeper rupee-denominated financial system can allow foreign capital to complement domestic savings rather than substitute for them.

Going ahead, the revival in EM capital flows provides a significant development is the changing anatomy of the financial cycle with deeper local-currency markets, stronger domestic investors, larger reserves and diversified funding channels as they are altering the way global shocks are transmitted.

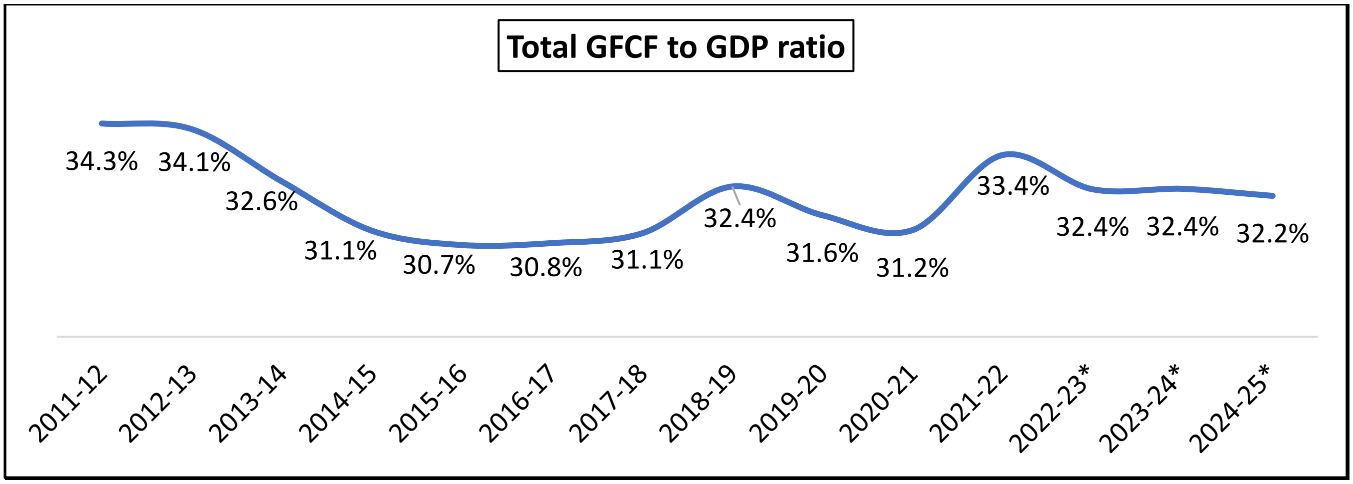
For banks, this transformation presents both opportunities and risks. Greater financial-market depth can expand opportunities in corporate financing, trade finance, cross-border payments, capital-market services, and treasury operations. At the same time, global liquidity conditions, exchange-rate movements, and sovereign bond yields remain critical drivers of funding costs, liquidity management, and interest-rate risk.

The next phase of global finance may therefore be less about the end of the global financial cycle and more about its evolution from a predominantly externally driven, dollar-sensitive system towards a more diversified, locally anchored and increasingly multipolar capital architecture.

Kartik Khandelwal
Officer (Economics)
Head Office, SMEAD

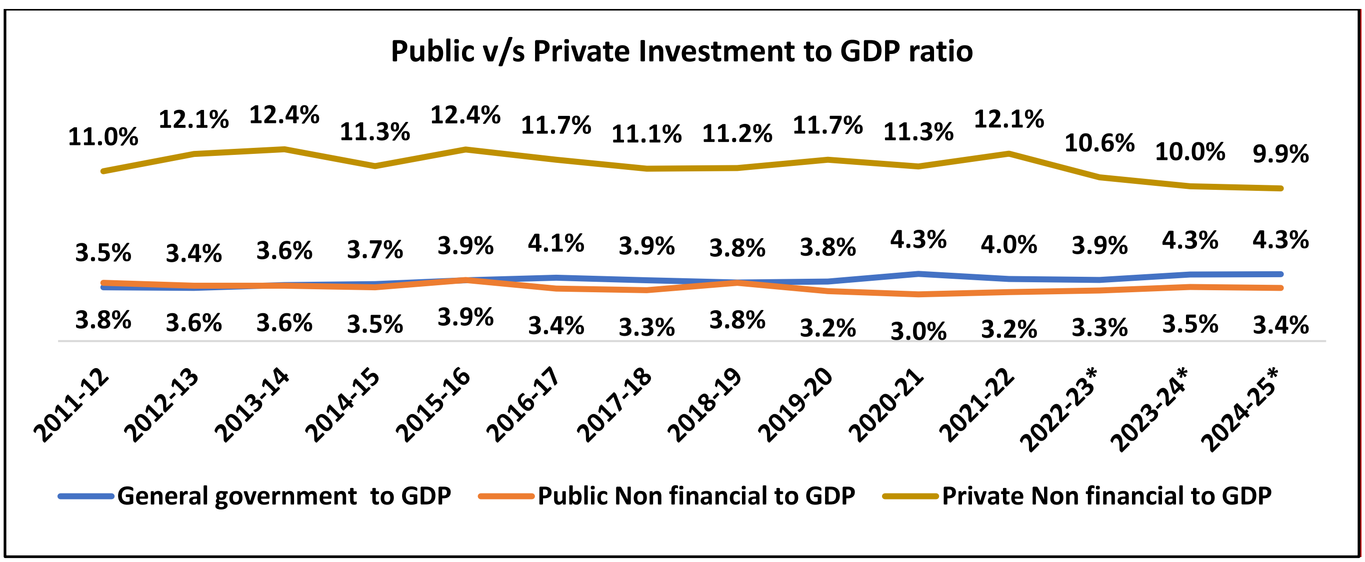
4. INDIA'S GROWTH OUTLOOK FOR FY 2027: CAN PUBLIC INVESTMENT CROWD IN PRIVATE INVESTMENT?

India enters FY 2027 with a growth story that remains relatively strong by global standards, but with an important question hanging over the economy: can the current public-investment-led expansion generate a sustained private investment cycle?



**Calculated with FY 2022-23 as the base year, replacing the earlier FY 2011-12-base series.*

Under the latest FY 2022-23 base series, Gross Fixed Capital Formation (GFCF) was **32.4%** of GDP in FY 2022-23 and FY 2023-24, before edging down marginally to **32.2%** in FY 2024-25. Over the past few years, India's GFCF to GDP ratio has remained relatively high and has strengthened after the pandemic, indicating a sustained investment cycle. But the composition of this investment shows a divergence between public and private corporate investment. Public investments have strengthened, while private non-financial investment has remained comparatively subdued as a share of GDP.



**Calculated with FY 2022-23 as the base year, replacing the earlier FY 2011-12-base series*

Public investment is defined as General Government GFCF plus Public Non-Financial Corporations' GFCF and **private investment** as Private Non-Financial Corporations' (NFC) GFCF. On the new FY 2022-23-base series, public investment has risen from around **7.2%** of GDP in FY 2022-23 to FY 7.8% in FY 2023.24 and to FY **7.7%** in FY 2024-25. This indicates that the government's investment push, including investment by public-sector enterprises, has remained an important driver of the overall investment cycle.

However, the movement in private corporate investment has been much less dynamic. Private NFC GFCF was around **10.6%** of GDP in FY 2022-23, declined to 10.0% in FY 2023-24 and to **9.9%** in FY 2024-25. Thus, while public investment has increased its share of GDP, private corporate investment has essentially declined or remained flat, rather than showing a sustained upward trend. Also, the **share of Private NFC GFCF to total GFCF** has also declined from 32.7% in FY 2022-23 to 30.9% in FY 2023-24 to further 30.7% in FY 2024-2025.

There are significant **structural challenges** that could led to the subdued private sector investment in India. A persistent divergence between premium and entry-level consumer demand means that while sales of luxury goods and high-end real estate are thriving, mass-market consumer goods volume growth has fluctuated around modest with the volume growth likely to slow to 4% by the end of the year. Weak demand and geopolitical uncertainty make long-horizon projections seem fragile, thus effecting private capex decisions. Private manufacturers often hesitate to build new facilities without clear signals of broad-based, volume-driven demand growth. Issues related to execution timelines, complex land acquisition processes and state-level regulatory burdens also continue to affect project implementation.

The success of India’s economic strategy will depend on balancing robust public capital outlays with policy measures that stimulate private enterprise. Priority areas will likely include factor market reforms to streamline land and power costs, targeted support to lift rural and lower-income consumption and deeper corporate bond markets to provide non-bank long-term financing. While government led infrastructure spending has successfully built a solid physical foundation and shielded the economy from international shocks, public expenditure alone cannot drive high growth indefinitely. India’s central economic task for 2027 is therefore not simply to preserve high growth, but to **change the engine of growth**. If rising capacity utilization, lower logistics expenses and steady consumer demand converge, public capital will effectively unlock a broad-based private investment cycle, sustaining India's growth trajectory through FY 2027 and beyond. The transition from a public-investment-led recovery to a broader public-private investment cycle could determine whether India remains in the 6-7% growth range or moves towards a more sustained 7% plus trajectory.

Ayesha Bhati
Sr. Manager (Economics)
Head Office, SMEAD

5. IMPROVING CUSTOMER EXPERIENCE IN PUBLIC SECTOR BANKS

Customer service is a vital component of growing business as it directly impacts how our customers engage with our Bank. Unpleasant customer experiences, inability to address their queries and questions, inability to resolve their complaints leave a black spot on a customer's impression of our Bank and sour the entire customer experience. To address this, and to avoid cutting sorry figure in front of customers, it is imperative that one should look for ways to improve customer service in Public Sector Banks and to completely match or exceed the customer expectations. If worked on below mentioned points, any public sector bank can exceed the ace level standards of serving customers.

1) Introducing Products and Services in line with Customer Expectations

The needs of various types of customers should be well understood and analysed and to be matched to their preferences. Various type of customers like salaried, businessman, housewives, farmers, students, pensioners, differently abled, army men, new entrepreneurs, new generation, NRIs etc. have different type of banking needs & expectations. To meet such expectations, one should always analyze and be in sync with the modern age requirements and to introduce schemes and products which provide added advantage and something extra in order to attract them and to keep the existing customers engaged.

2) Empowering Frontline Staff through Proper Training

Empowering first-line customer serving staff in public sector banks is crucial for improving customer experience, reducing customer attrition and increasing efficiency. This can be achieved by giving them proper training regarding the know-how of schemes & products they are selling, understanding customer profiles, technical know-how, digital proficiency, communication skills and etiquettes to attract the customers. The ultimate goal is to turn frontline roles into proactive sales & service positions to effectively meet customer expectations.

3) Personalised and Proactive Experiences across the Customer Journey

The customer serving staff should be attentive and actively listen and respond to customer's concerns. The whole customer journey or experience be personalized like addressing customers by name and tailor services to their specific needs while maintaining perfect professionalism by being respectful and patient in all customer interactions. The customer should be provided clear communication, whether it is verbal or written, explaining services and products in simple and transparent language.

4) 24x7 Customer Support

Providing 24x7 customer support represents a fully connected system where customers across any part of globe can interact with their bank at any time, through any mode and receives consistent response. To match the present day competitive global standards and to be available all the time, 24x7 customer support is an inevitable requirement as it ensures instant availability, real time problem solving, consistency across channels like app, chatbot, internet banking, mobile banking, phone calls etc.

5) Faster Issue Resolution

In today's competitive banking scenario, customers hop on to different banks for their banking needs. The chances of customers sticking to a bank depend mainly on which bank is proactively addressing the customer's requirements and concerns faster and that too promptly end to end. To understand and save the customers' precious time is the key to hold the customer in our fold.

6) Strengthening of IT Infrastructure for Seamless Onboarding & Sailing

In this modern era, the today's customer especially the new generation customers are mostly young and tech savvy who majorly depends on smooth digital facilities and applications to do their day to day banking. Hence, it is very important to embrace technology and have a robust IT infrastructure wherein the customers can seamlessly onboard services like internet banking, mobile banking, online account opening and use them for any banking related transaction in a hassle-free manner from anywhere across the globe. The apps and services shouldn't only be secure but should work seamlessly on all types of networks and anywhere from where the customers wish to use them.

Collaborating with fintech companies and technology partners to leverage their expertise and digital solutions in areas such as payments, remittances, lending and wealth management. The bank should try to explore opportunities for strategic partnerships and co-development of innovative banking products and services for the customers to improve efficient customer experience.

7) Encourage Innovation

Continuous innovation and evolvement is the key to keep the head high among others in banking and service industries. Banks should also encourage innovation among staff by fostering a culture of experimentation, invest in technology and adopt user centric approach, thus enhancing customer experience and improving customer service.

8) Omni Channel Experience – Self Service is 'Privileged'

Omni channel banking integrates all touchpoints like mobile apps, internet banking, ATM, branches etc. into a cohesive system for hassle free and connected experience to the customers. Banks should try to give privilege of reliable self service to the customers for improving customer service and thus customer experience.

9) Foster a Positive Work Environment

The banks should try to inculcate a collaborative culture with regular feedback, continuous motivation, career building and comfortable workstations among the employees. In addition to this, employee recognition, prioritizing open communication and maintaining proper work life balance among employees is the key to keep the workforce engrossed, attached and happy, and a happy employee will serve the customer proactively and with full zeal and hence improving customer service in public sector banks.

10) Set Clear Expectations and Monitor Performance

The banks should try to set clear and measurable expectations among employees. Defining measurable and written goals helps in aligning individual performance with the Bank's objective of serving customers effectively and monitoring this performance continuously. This exercise will check and help in maintaining or even exceeding the efficiency and quality of customer service in public sector banks and thus enhancing customer experience.

11) Celebrate Success: Reward and Recognition

The customer service should be quantified in terms of business addition or increase in number of satisfied customers, based on which the employees at various levels be recognised and rewarded. This will help in maintaining the quality of customer service provided by that employee and in motivating others to reach to that level and creating a healthy competition in the organisation and thus improving the quality of customer service in public sector banks.

12) Financial Education

The banks should adapt to continuous providing financial education and knowledge to customers regarding their wealth management, credit, digital tools and cultivate financial well being. This can be achieved by conducting seminars, digital content to boost financial literacy, which in turn increases loyalty of the customer and promotes secure banking habits. The outreach should be tailored and targeted either physically or using social media. With such initiatives and providing excellent customer service will enhance the overall customer experience in banks.

13) Loyalty and Reward Programs

The public sector banks should try to leverage on loyalty and reward programs to increase customer retention and service usage by offering cashback incentives, reward points based on transactions, mode of banking transactions, account balances, relationship size etc. This will encourage the customers to consolidate their financial activities with one bank and reducing likelihood of switching to any other bank and thus improving overall customer experience.

14) Lead by Example

Senior management, even at the level of MDs and EDs in public sector banks, should lead the team by putting best customer service examples among employees to encourage them. The top management addressing the customers through social media and responding to their concerns will boost the employees' efficiency and morale to serve customers. Senior management participating in mystery shopping provides insights into customer journey, bridging gap between corporate goals and day to day operations. It helps in establishing standards, identify pain points in serving customers and cultivating a process of continuous improvement of customer service in public sector banks.

15) Customer Feedback and Scope of Improvement

The banks should have a mechanism of taking feedback from customers about the services, schemes or products as it helps in understanding the level of satisfaction, the customer has after banking.

It also helps banks to understand the room for improvement. When used well, customer feedback can be used to improve internal processes/policies, products or services that impact on the overall customer experience and thus help in better customer engagement. Taking customer feedback is inevitable part of continuous improvement in customer service for public sector banks.

16) Keep Customer at Center of Everything

The banks should try to keep the customer at the center of everything as it is rightly said in service industry that **"Customer is Supreme"**. The bank's culture, strategies, policies and operations should be aligned to prioritize customer requirements to foster loyalty and have consistency in growth. It helps in serving customers effectively if it is kept in mind to give priority to customer needs over any other thing and thus improving customer experience in public sector banks.

By following these above points, a bank can create a better environment for customers and guarantee an exceptional customer service and helps ultimately in growth of the bank. More than merely responding to concerns, exceptional customer service and customer delight is to reinstate the Bank's commitment to its customers and creating a true Bank-Customer relationship which is a win-win for both.

Also, it is pertinent to mention that in today's competitive banking business scenario, customer service should not be treated as responsibility of an individual, rather it becomes responsibility of everyone belonging to that Bank. By keeping this view in all Public Sector Bank's vision and mission, all public sector banks can have outstanding customer service commitment which ultimately leads to sustained growth and their better brand establishment.

Anshul Rajput

Assistant General Manager

NRI Cell, HO

6. FROM MANDATE TO MARGIN: TURNING GOVERNMENT DIRECTIVES INTO COMMERCIAL GROWTH

For a long time, branch operations within nationalized banks have approached government-driven initiatives—such as basic savings accounts, micro-insurance schemes, and social security cover—as routine administrative duties or head-office checkboxes. In today’s high-stakes financial environment, that perspective is outdated.

To achieve long-term profitability while fulfilling government mandates, our field teams must adopt a critical mindset shift: **Regulatory priorities are not a distraction from our business goals; they are the very foundation of our commercial expansion.**

When front-line staff open a zero-balance or basic account, traditional banking habits often categorize it as low-value paperwork. However, this account should be viewed as the starting point of a lucrative retail funnel.

Here’s How:

An inactive inclusion account holds zero commercial worth. True value is unlocked only when customers are actively migrated to digital touchpoints—linking them with RuPay debit cards, mobile banking applications, and other micro-payment channels. Every mass-market customer represents an untapped prospect for higher-yield retail lending, regular savings products, and fee-based third-party offerings. Recognizing grassroots accounts as long-term customer acquisition channels converts a regulatory duty into a durable, low-cost liability base.

When money is tight and everyone wants loans, a bank's success depends mainly on one thing: **how cheap it is for the bank to borrow money.** If a bank relies too much on expensive, large deposits, it shrinks its profit margins. By actively mobilizing low-cost Current Account and Savings Account (CASA) through grassroots outreach, branch networks build a stable, insulated cushion against interest rate volatility.

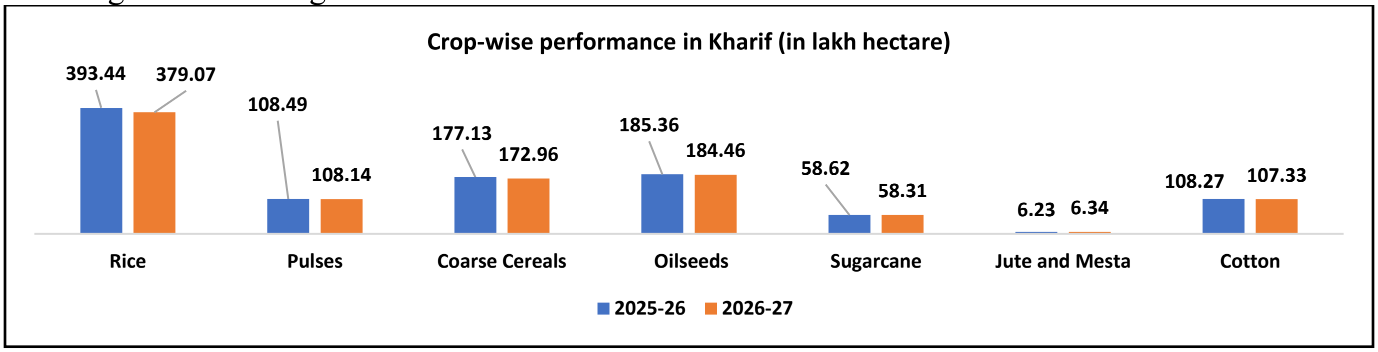
To make this transition real, the front-line staff must be empowered and trained to look beyond the target sheet and focus on relationship-driven banking. Identify local trade ecosystems, daily wage worker groups, and small vendors in the respective command area to drive active usage of digital merchant solutions (like QR codes and POS terminals).

Embracing the business opportunity hidden inside every government guideline transforms the compliance from an annoying chore into our biggest competitive edge. The path to sustainable banking isn't found by looking past our national duties, but by unlocking the commercial power hidden right inside them.

Roli Mishra
Chief Manager
STC Faridabad

7. KHARIF SOWING, MONSOON PROGRESSION & STATUS OF RESERVOIRS IN INDIA

As on 14th August, 2026, India's Kharif 2026-27 sowing stood at 101.66 million hectares, a decline of 2.09 million hectares (-2.0%) from 103.75 million lakh hectares recorded in the corresponding week of FY26 (Kharif 2025). This is the first year-on-year contraction in the four-year covered by this study and follows an El Nino-linked weak/delayed south-west monsoon, with rainfall running roughly 12% below the Long Period Average since 01.06.2026 till 12.08.2026.



Crop Acreage

- Sugarcane remained the sole crop tracking ahead of last year throughout.
- Kharif sowing has continued to advance, reaching 101.66 million hectares. The gap against last year's pace has narrowed further, albeit at a slower rate than the sharp improvement seen in the previous week. The movement, however, has not been consistent across crops.
- Kharif Crops are typically sown over around 110.44 million hectares during the season.
- Pulses and oilseeds led the recovery, closing in meaningfully on last year's levels, while cotton also saw its shortfall ease further.

Week-by-week progress, FY26 vs FY27 (the two years with matching weekly data)

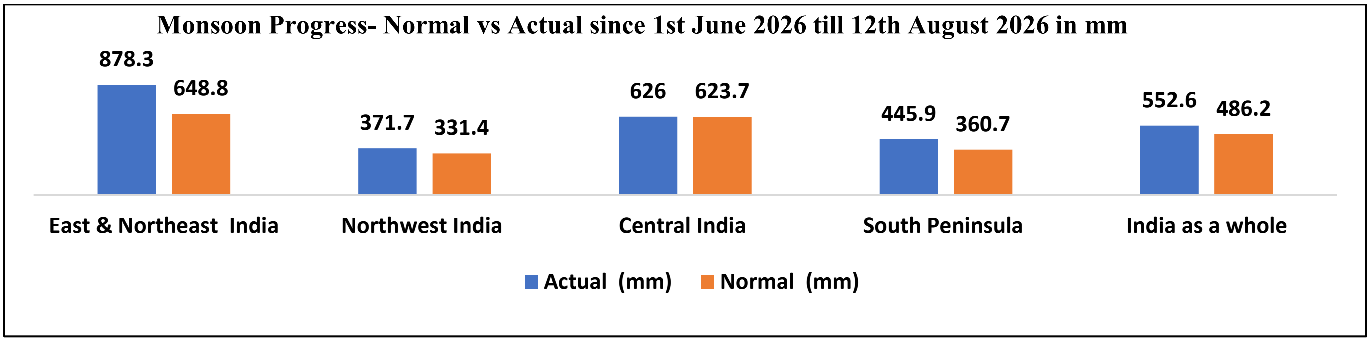
Reporting date	FY26 (Kharif 2025) Million ha	FY27 (Kharif 2026) Million ha	Gap (Million ha)	Gap (%)
~7 August	98.59	96.79	-1.77	-1.82%
~14 August	106.75	101.66	-2.09	-2.02%

- If we look at week by week Kharif sowing data, we see that the gap has marginally increased from 1.82% to 2.02%, but the gap has been narrowing on improving rainfall distribution.

Importance of Monsoon

- India has expanded irrigation coverage over the years, but large parts of agriculture continue to depend on rainfall.
- The monsoon remains the most critical factor of India's kharif output despite an expansion in irrigation.
- Though irrigation has drastically improved agricultural resilience, half of the cultivated land is still rain-fed, and irrigated agriculture depends on monsoon-fed basins and groundwater.

Monsoon Progress:



- The all-India cumulative rainfall deficit has narrowed down to -12% for the season (1st June–12th August). Slightest deviation is in Central India, and highest deviation is in East and North-East India with 26%.
- The share of the country's area recording deficient rainfall fell sharply to 40%, from 65%, while the area recording normal rainfall rose correspondingly to 57% from 35%.
- July and August are the crucial months for the southwest monsoon during the country receives the bulk of seasonal rainfall.

Reservoirs Status in India

- Monsoon reservoir capacity directly dictates India's agricultural output and rural incomes, which heavily influence national inflation dynamics.
- High water storage ensures smooth irrigation for Kharif and Rabi crops, stabilizing food supplies and cooling food inflation, whereas depleted reservoirs restrict crop yields, spark severe food price spikes.
- India's 166 major reservoirs tracked by the Central Water Commission (CWC) were refilling through July and August 2026 as the southwest monsoon progressed but remained below last year's levels for most of the month.
- The total live storage of the country has been estimated to be **109.112 Billion Cubic Meters (BCM)** which is 59.44% of the Total Capacity. It remained below both last year's level of **135.644 BCM** and the ten-year average of 111.474 BCM. *(Central Water Commission/Reservoir Storage Monitoring System)*

Going forward:

The key monitorable will not merely be the headline rainfall deficit, but the consistency, timing and regional spread of rainfall during the remaining part of August and September. These two months together account for nearly 49% of the southwest monsoon rainfall as per the Long Period Average (LPA), making the next few weeks decisive for final kharif output, reservoir recharge and irrigation preparedness for the rabi season. From an inflation perspective, the monsoon assumes added significance as food carries a weight of 36.75% in India's CPI basket under the new series. Any weakness in output of key food crops could quickly transmit into food prices, especially in crops where sowing remains below last year's levels. However, the final inflation impact will also depend on buffer stocks, procurement, imports where required, and timely supply-side interventions by the Government.

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8. HIGHLIGHTS OF THE RBI'S MONETARY POLICY STATEMENT (AUG'26)

A. Policy Rate / Reserve Ratio	Previous	Now	Change
Policy Repo Rate	5.25%	5.25%	**No Change**
Standing Deposit Facility (SDF)	5.00%	5.00%	
MSF Rate	5.50%	5.50%	
Bank Rate	5.50%	5.50%	
B. Reserve Ratios			
Cash Reserve Ratio (CRR)	3.00%	3.00%	**No Change**
Statutory Liquidity Ratio (SLR)	18.0%	18.0%	

a. **Policy Rate:** Monetary policy Committee (MPC) kept **the repo rate unchanged at 5.25%** in its third bi-monthly monetary policy of FY'27.

b. **Stance:** MPC decided to retain its stance at ***'neutral'***.

c. **Rationale:** CPI inflation is expected to rise in coming months led by supply side pressures from food and fuel. However, it is not getting broad-based as core inflation remains moderate and is expected to decline after peaking in Q3 FY27. Domestic growth remains resilient in Q1 FY27, though the outlook is clouded by south-west monsoon (El Niño), geopolitical, and trade uncertainties. The MPC therefore seeks greater clarity, especially on inflation, its path and composition before taking any policy action and decided to adopt a wait & watch approach.

i. Economy and Inflation Outlook

Economy Outlook

- **Global economy** in 2026 so far has been characterized by sharp and frequent market swings, persisting inflation concerns and shifting policy expectations. Relief from the temporary ceasefire in West Asia has quickly dissipated amidst resumption of conflict in July'26. Persistent inflation has prompted several central banks to raise rates while others remain vigilant.
- The US dollar appreciated, supported by elevated yields, a hawkish Federal Reserve tone, and a relatively buoyant US economy led by AI productivity gains. Conflict in West Asia, volatile oil prices, sticky inflation expectations, and fragile public finances pose significant downside risks to the outlook.
- Amidst this, **Indian economy** has exhibited resilience. High frequency indicators of Q1 FY27 point towards steady domestic demand backed by robust private consumption and investment activity. Merchandise exports rebounded with double digit growth, while services exports growth sustaining momentum.

- Going forward, agriculture prospects are clouded by deficient and uneven monsoon amidst El Niño conditions. Although sufficient reservoir levels and govt's initiatives for crop diversification, water harvesting and conservation are expected to mitigate the impact. Manufacturing sector may face cost pressures.
- On the upside, the services sector is expected to remain buoyant supporting urban demand. Strong capacity utilization, robust credit flow and the govt's continued thrust on infrastructure are expected to sustain investment activity. Net external demand is expected to derive strength from bilateral trade agreements and market diversification.

Taking all these factors into consideration, Real GDP projections have been revised as under:

RBI's GDP Projections	Q1 FY'27	Q2 FY'27	Q3 FY'27	Q4 FY'27	FY'27	Q1 FY'28
05.06.2026	**6.6%**	**6.3%**	**6.5%**	**6.8%**	**6.6%**	**-**
05.08.2026	**7.0%↑**	**6.4%↑**	**6.5%↔**	**6.8%↔**	**6.7%↑**	**7.3%**

Prolonged global supply chain disruptions, volatility in global financial markets, and weather-related shocks continue to pose downside risks to the domestic growth outlook.

Inflation Outlook

- Headline CPI inflation rose to 4.4% in June 2026, after remaining below the target of 4% for 16 consecutive months. Higher food, fuel and fuel-induced inflation in select categories led to the rise. Notwithstanding the pressure from higher input costs, core (CPI excluding food and fuel) inflation remained unchanged at 3.9% during May-June.
- Looking ahead, El Niño's impact on temporal and spatial rainfall distribution continues to remain a major risk, although proactive supply management and adequate stock of foodgrains should provide comfort.
- Global oil prices have remained highly volatile with sharp two-way movements triggered by geopolitical developments (currently falling below $80/bbl).
- Although generalized inflation pressures continue to remain modest so far, the risks of second-round impact of higher food, fuel and other input prices translating to broad-based inflation persist.

Considering these factors, the projections for Inflation have been revised as under:

RBI's Inflation Projections	Q2 FY'27	Q3 FY'27	Q4 FY'27	FY'27	Q1 FY'28
05.06.2026	**5.1%**	**5.9%**	**5.4%**	**5.1%**	**-**
05.08.2026	**4.7%↓**	**5.9%↔**	**5.5%↑**	**5.0%↓**	**5.3%**

Core inflation (CPI excluding food and fuel) is projected at 4.3% for FY'27 (less than 4.7% projected earlier). Core inflation excluding precious metals is projected to be lower, though it is likely to align with core inflation from Q4.

ii. Liquidity and Financial Market Conditions

- System liquidity remained comfortably in a daily average surplus of ₹1.0 lakh crore since the last MPC meeting. Liquidity is expected to get a near-term boost from the usual return of currency during the monsoon season, the drawdown of govt. cash balances and RBI's measures to attract capital inflows.
- Going forward, the RBI will proactively ensure sufficient liquidity in the banking system through its conduct of two-way operations.

iii. External Sector

- Despite the challenging and turbulent global macroeconomic environment, India's current account recorded a surplus of US$ 2.8 billion during Apr-May 2026. It was led by robust surplus in services trade and strong remittance receipts. Merchandise trade deficit widened in Q1 FY27, driven by imports of crude oil, electronic goods and gold.
- Going forward, moderation in global trade growth, surge in energy prices and persistent trade policy uncertainties pose upside risks to India's current account deficit in FY27.

iv. Additional Measures

i. **Draft guidelines for licensing of Urban Co-operative Banks (UCBs) –** RBI will resume licensing of UCBs on 'on tap' basis after a two decade pause on fresh issuance.

ii. **Review of Guidelines on Concentration Risk Management - Rural Co-operative Banks** – RBI is revising the 2008 Credit Monitoring Arrangement (CMA) guidelines to modernize concentration risk norms for Rural Co-operative Banks in response to sector evolution. It aims to align prudential limits with the goal of strengthening the cooperative sector while managing credit risks.

iii. **Review of Guidelines on Interest Rates on Advances** – RBI proposes to rationalize the interest rate guidelines for all Regulated Entities (REs) to establish a uniform, principle-based framework. It aims to harmonize loan pricing rules, address MCLR/EBLR operational issues, and standardize day-count and benchmark reset dates across the industry to ensure uniformity, enhance transparency in loan pricing, strengthen monetary transmission and bolster consumer protection.

v. Our View:

The MPC's decision to maintain status quo on policy repo rate and stance signals a calibrated approach amid fragile global economic environment and resilient domestic economy. The upward revision in the GDP growth forecast by 10 bps to 6.7% for FY27, coupled with a 10-bps downward revision in the inflation to 5.0%, reflects better than expected growth-inflation dynamics. Although headline inflation has moved above the MPC's target in June, the underlying inflationary pressures remain contained with core inflation staying moderate.

Consequently, the MPC has preferred to preserve policy flexibility rather than commit to a predefined rate path, reinforcing its data-dependent approach.

Apart from this, the regulatory measures announced complement RBI's broader objective of enhancing monetary transmission and strengthening the Indian financial system through greater transparency, efficiency and financial inclusion.

9. CLASSROOM
MERCHANT DISCOUNT RATE (MDR)

The Merchant Discount Rate (MDR) is the fee a business pays to banks and payment processors for accepting digital payments like debit cards, credit cards, or QR codes. It is deducted as a percentage of the sale amount before settlement to the merchant. *In India, MDR is mainly regulated by the RBI under the Payment and Settlement Systems Act, 2007, with broader policy oversight by the Ministry of Finance.*

On 4 August 2026, Parliament amended the Payment and Settlement Systems Act to repeal the 2020 "zero-MDR" mandate for UPI, creating legal room to levy MDR on certain UPI transactions.

MDR charges at present:

- **Credit Cards:** Typically range from **1% to 3%** of the transaction value, depending on the card network and reward tier.
- **Debit Cards (Non-RuPay):** Capped at **0.4%** for small merchants (turnover up to ₹20 lakh) and up to **0.9%** for larger merchants, usually subject to a flat cap per transaction.
- **Net Banking:** Usually ranges from **0% to 0.25%** per transaction.
- **Mobile Wallets:** Ranges from **0% to 1%** depending on the specific wallet provider.

UPI transactions at present operate without MDR, with the government providing incentives to support the payments ecosystem.

Key Components Covered Under MDR

MDR generally covers multiple cost and revenue components across the digital payment ecosystem, including:

- **Interchange Fee:** The largest component, paid directly to the customer's card-issuing bank. This covers handling costs, credit risk, and funds management**.**
- **Network/Switching Fee:** The processing charge paid to the payment network (such as Visa, Mastercard, or the National Payments Corporation of India (NPCI)) for routing transaction data securely.
- **Acquiring Bank/Processing Charge**: The margin kept by the merchant's acquiring bank or payment gateway/aggregator. It covers onboarding, merchant technical maintenance, and point-of-sale (POS) terminal deployment.
- **Tax Component:** The standard 18% Goods and Services Tax (GST) levied by the government on the processing fees.

In conclusion, a balanced and nominal MDR framework can strengthen digital payment infrastructure, support innovation, and ensure that digital transactions remain affordable, secure and inclusive for all stakeholders.

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10. GIST OF RBI CIRCULARS

Date of the circular	August 07, 2026
Ref No.	RBI/2026-27/232 FIDD.CO.PSD.BC.No.08/04.09.001/2026-27
Subject	Reserve Bank of India (Priority Sector Lending – Targets and Classification) Second Amendment Directions, 2026

RBI has issued the Second Amendment Directions, 2026 to the Priority Sector Lending – Targets and Classification Directions, 2025. The circular permits banks to exclude certain advances extended in India against fresh FCNR(B) and NRE deposits from the calculation of Adjusted Net Bank Credit (ANBC). This applies to fresh FCNR(B) dollar deposits with tenor of 3–5 years mobilised between June 08 and September 30, 2026. It also applies to fresh NRE term deposits of three years or more mobilised between June 19 and September 30, 2026. These deposits, including renewals on maturity, are eligible for CRR and SLR exemption under RBI's related directions. The exclusion from ANBC will be limited to the amount of such deposits qualifying for CRR/SLR exemption. The amendment is effective immediately and deletes the earlier footnote on old incremental FCNR(B)/NRE deposit calculations.

Date of the circular	August 6, 2026
Ref No.	RBI/2026-27/223 DOR.MCS.REC.No.193/01-01-032/2026-27
Subject	Reserve Bank of India (Commercial Banks - Responsible Business Conduct) Fourth Amendment Directions, 2026

The RBI's Fourth Amendment Directions, 2026, effective from January 1, 2027, provide a comprehensive framework for banks on responsible loan recovery and engagement of recovery agencies. The main focus is to ensure fair, transparent and non-coercive recovery practices while protecting borrowers' dignity and privacy. Banks must frame a clear recovery policy, conduct due diligence of recovery agencies, ensure proper training of recovery agents, disclose agency details to borrowers, and maintain proper records of recovery calls. Recovery agents must act civilly, carry valid identification, contact borrowers only during permitted hours, and avoid inappropriate occasions. The Directions also prohibit harsh recovery practices such as threats, abuse, harassment, excessive calls, social media misuse, public humiliation, or false claims, while requiring banks to maintain grievance redressal mechanisms and compensate borrowers for wrongful recovery actions.

11. ESG UPDATES

1. India Expands Battery Energy Storage Pipeline to Support Renewable Energy

- India has nearly 47 GW Battery Energy Storage System (BESS) projects under various stages of development to support renewable energy integration.
- Around 23 GW of pumped hydro storage projects are also under development to improve grid reliability.
- The initiative will help achieve India's clean energy targets and enable round-the-clock renewable power supply.

2. Brookfield Launches 'Lumara' Renewable Energy Platform for India with $600 Million Investment

- Brookfield has launched Lumara**,** a new renewable energy platform in India, with plans to deploy around $600 million across solar, wind, and battery energy storage projects.
- The platform is anchored by an initial portfolio of over 6 GW and aims to address key industry bottlenecks such as delays in power purchase agreements (PPAs), grid connectivity, and land acquisition.
- Lumara will support India's clean energy transition and decarbonization goals by providing flexible renewable power solutions to businesses, data centers, industries, and government customers.

3. India records highest-ever Renewable Power generation in July

- India generated 36.25 billion kWh of electricity from renewable sources in July 2026, the highest ever recorded for a single month and about 30% higher than July 2025.
- The surge in solar and wind power reduced coal's share in the electricity mix to 65.7%, down from 69% in June 2026, marking the lowest level in one year.
- On 13 July 2026, combined solar and wind generation exceeded 100 GW, meeting 42.8% of India's electricity demand during peak daytime hours—a record contribution from renewable energy.

4. Global Solar capacity surpasses 3 Terawatts, marking historic clean energy milestone

- The world has crossed 3 terawatts (TW) of installed solar photovoltaic capacity, achieving a major global renewable energy milestone in mid-2026.
- This achievement was driven by a record addition of 664 gigawatts (GW) of new solar capacity during 2025, reflecting unprecedented growth in solar power deployment.
- It took nearly a decade to reach the first 1 TW of solar capacity (around 2022), but the jump from 2 TW to 3 TW was achieved much faster i.e less than 2 years, highlighting the rapid acceleration of the global clean energy transition.

5. **NSE Launches Sustainability Webinar Series 2026 to Strengthen ESG Awareness in Capital Market**

- NSE has started a 15-week Sustainability Webinar Series 2026 aimed at building knowledge on sustainability, ESG practices, and sustainable finance in India's capital markets.
- The series focuses on key topics such as SEBI's BRSR mandate, global frameworks like ISSB and TCFD, and the growing role of sustainability in corporate governance and investment decisions.
- The initiative is targeted at CFOs, Company Secretaries, sustainability professionals, corporate leaders, and investors, helping them understand emerging sustainability requirements and opportunities.

6. **UK-India Free Trade Agreement Comes into Force, Advancing Sustainable and Inclusive Economic Growth**

- The UK-India Free Trade Agreement (FTA), signed on 24 July 2025, officially entered into force on 15 July 2026, strengthening economic ties between the two countries.
- The agreement covers sustainability, labour, environment, digital trade, innovation, and government procurement, reflecting a broader focus on responsible and inclusive trade.
- The FTA is expected to boost bilateral trade through major tariff reductions, improved market access, and greater opportunities for businesses, professionals, and investors in both countries.

7. **SEBI Strengthens ESG Framework to Prevent 'Purpose-Washing' in Sustainable Finance**

- SEBI has introduced stronger safeguards against 'purpose-washing', preventing false or misleading sustainability claims in ESG debt securities.
- ESG debt issuers must track and disclose whether funds raised are actually being used for the stated environmental and sustainability objectives.
- SEBI has also mandated greater transparency from ESG Rating Providers, with 19 registered agencies required to disclose the rationale behind their ratings.

8. **National Conference on Responsible Business Conduct (NCRBC) 2026 Focuses on ESG-Led Transformation**

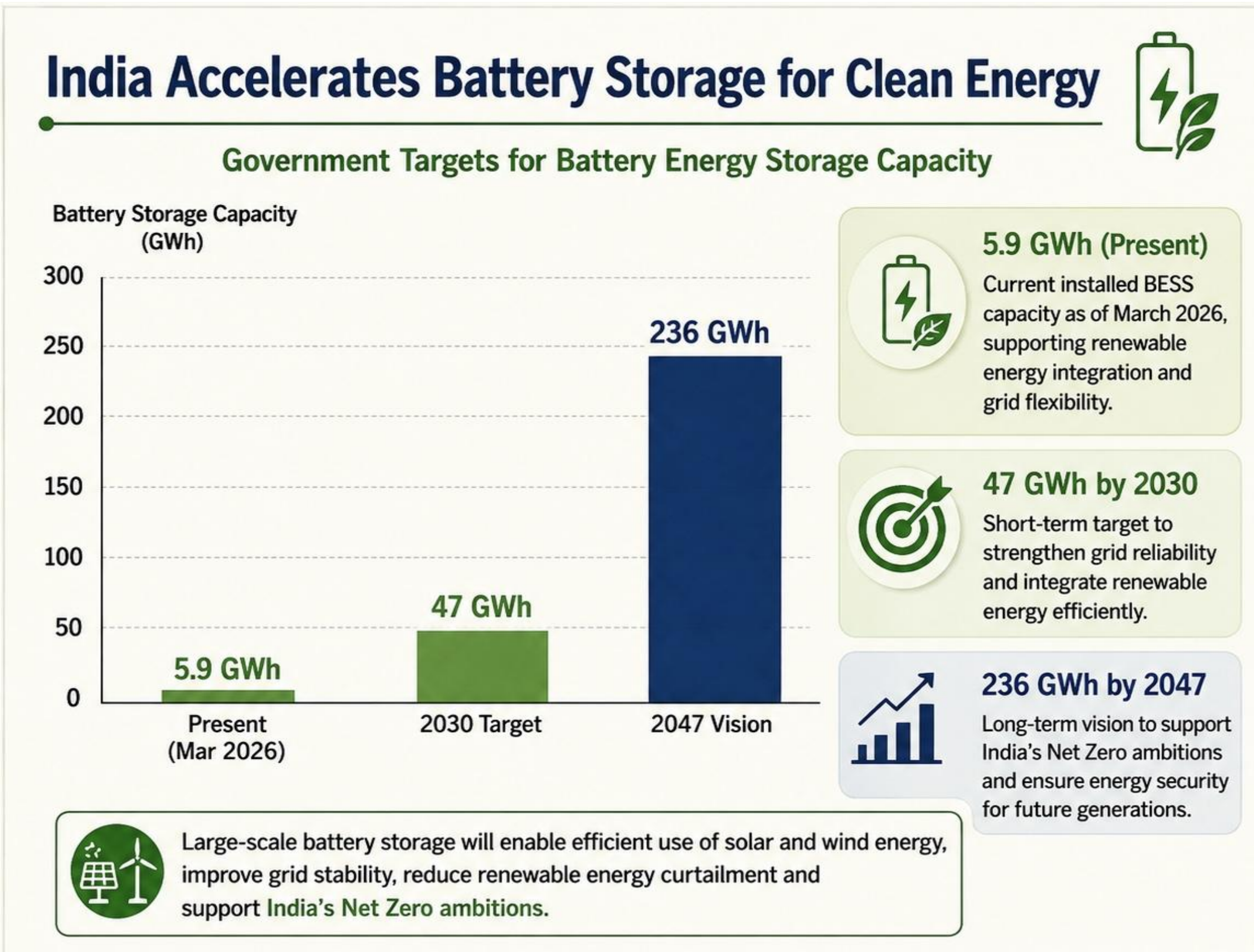
- NCRBC 2026 brought together policymakers, regulators, investors, and corporates to discuss ESG-driven growth and responsible business practices.
- Major themes included BRSR disclosures, climate risk, sustainable finance, AI governance, and responsible supply chains.
- The conference emphasized ESG's role in achieving India's Viksit Bharat 2047 vision.

9. **Colgate-Palmolive India Unveils 2030 ESG and Sustainability Strategy**

- Colgate-Palmolive India announced successful achievement of its 2025 sustainability goals and launched its 2030 SMILE Strategy.
- The roadmap includes climate action, circular economy initiatives, community impact, and improved access to oral healthcare.
- The company released its Annual & ESG Report 2026 outlining future sustainability commitments.

***ESG Brain Teaser*-** Which two Union Territories became the first in India to achieve 100% rooftop solar targets for government buildings, under PM Surya Ghar?

Smart Green Tip - *Schedule a "No-Lift Day":* Use the stairs for short distances. It saves electricity and promotes employee wellness.



Source: Financial Express

Ask Yourself – How can I reduce waste before it is created rather than managing it after disposal?

Answer to ESG Brain Teaser: Chandigarh and Daman & Diu

ESG Cell
SMEAD, Head Office

For any ideas or suggestions related to ESG kindly share them on "Green Ideas Section" of the Lead Parivartan Portal (LTP) or mail to esgcell@pnb.bank.in.

12. CLIMATE NEWS

1. Electrifying Industrial Heat: A Blueprint for India's Next Energy Transition:

India's clean energy transition has made major progress through rapid growth in solar, wind, hydro, and other renewable sources. However, industries such as steel, cement, chemicals, textiles, food processing, and pharmaceuticals still depend heavily on fossil fuels for heat. Electrifying industrial heat can become the next major step in India's decarbonization journey, reducing emissions, improving efficiency, and lowering dependence on coal, oil, and gas.

The transition can begin with low- and medium-temperature applications using electric boilers, heat pumps, induction heating, infrared systems, and electric steam generation. For high-temperature industries, technologies such as electric arc furnaces, electric kilns, and plasma heating, along with green hydrogen where necessary, can provide cleaner alternatives. Reliable and affordable renewable electricity, stronger grids, energy storage, and supportive policies and financing will be essential, particularly for small and medium enterprises facing high upfront costs.

Electrifying industrial heat can deliver benefits beyond decarbonization, including better process control, lower maintenance, improved workplace safety, and new opportunities for domestic manufacturing. India's next energy transition will therefore depend not only on generating more renewable power but also on using clean electricity across industrial sectors. With coordinated action on technology, infrastructure, finance, and policy, India can build a cleaner, more competitive, and energy-secure industrial economy. *(thehindu.com)*

2. Union Cabinet approves GOBARdhan scheme to fuel CBG sector growth

The Union Cabinet has approved the GOBARdhan National Circular Bioenergy Scheme with an outlay of ₹23,731 crore for FY 2026-27 to FY 2035-36. The scheme aims to transform agricultural residue, cattle dung, press mud, municipal organic waste and other biomass into Compressed Biogas (CBG), organic manure and rural income. It seeks to increase domestic CBG production nearly tenfold, attract large-scale private investment, create jobs and make CBG a major part of India's future energy mix.

GOBARdhan brings together key measures to strengthen the entire CBG value chain, including assured offtake, stable pricing, capital assistance, pipeline infrastructure, credit guarantees and an ecosystem challenge fund. These measures are designed to improve project viability, provide long-term revenue certainty, reduce financing barriers and expand participation by private developers, MSMEs, cooperatives and rural entrepreneurs. The scheme builds on earlier initiatives such as SATAT, MDA, BAM and the National Bioenergy Programme, which have already supported more than 200 CBG plants.

The scheme can strengthen India's energy security and circular economy by replacing imported fossil fuels with domestically produced renewable gas while creating new income opportunities for farmers and rural communities. It will also promote scientific waste management, increase organic manure production and reduce greenhouse gas emissions. By integrating demand, finance, infrastructure and technology support under one framework, GOBARdhan aims to transform India's organic waste into clean energy, rural prosperity and economic value, supporting the broader vision of Atmanirbhar Bharat and Viksit Bharat. *(pib.gov.in)*

3. **How nature-based solutions make agriculture more resilient to climate change:**

Climate change is creating serious risks for agriculture through rising temperatures, erratic monsoons, droughts, floods, pests, and declining soil fertility. At the same time, agriculture contributes to climate change through greenhouse gas emissions, crop-residue burning, and deforestation. Climate-resilient agriculture (CRA) and Nature-based Solutions (NbS) offer a way to address both challenges by improving farm resilience, protecting natural resources, reducing emissions, and strengthening long-term food and nutritional security.

CRA includes climate-adapted crop varieties, changes in sowing periods, efficient irrigation and fertiliser use, agroforestry, conservation and zero-tillage farming, biochar, and improved soil and water management. NbS are particularly important because they combine climate adaptation, emissions reduction, biodiversity conservation, and ecosystem restoration.

India has introduced several initiatives to promote climate-resilient agriculture, including the National Action Plan on Climate Change, National Mission for Sustainable Agriculture, National Agroforestry Policy, National Mission on Natural Farming, and the National Innovations in Climate Resilient Agriculture (NICRA). However, wider adoption remains difficult because of limited awareness, inadequate access to credit and quality inputs, and the high upfront cost of new technologies. Strengthening farmer training, affordable financing, access to climate-smart technologies, and local support systems will be essential to make climate-resilient agriculture a practical pathway for India's future food and environmental security. *(indianexpress.com)*

4. **Delhi Launches 70-Lakh Tree Plantation Drive and Ridge Rejuvenation Campaign**

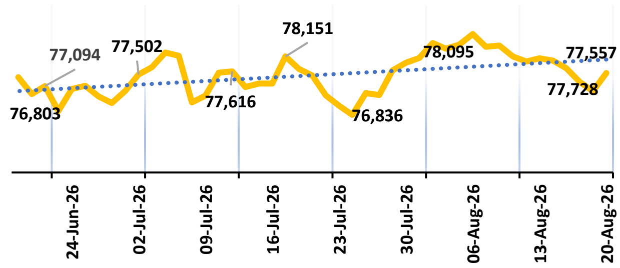
India's E20 ethanol programme is one of the world's most ambitious biofuel initiatives, with ethanol blending rising from about 1.5% in 2013-14 to nearly 20% by 2025. It has helped reduce crude oil imports, generate rural income and diversify India's energy mix. However, the sustainability of ethanol depends on the feedstock and production process. Sugarcane-based ethanol can offer higher energy returns and greater emissions reductions than grain-based ethanol, while its overall benefits depend on factors such as fertiliser use, irrigation, transport and processing.

The shift to E20 also raises concerns about vehicle performance, compatibility and resource use. Ethanol has lower energy density than petrol, which can slightly reduce fuel economy, although its higher-octane rating can benefit engines designed for higher blends. Newer vehicles are E20-compatible, but many older vehicles and agricultural machines may face compatibility issues. More importantly, sugarcane is highly water-intensive, and expanding ethanol production in groundwater-stressed regions could increase pressure on scarce water resources. Therefore, ethanol's climate benefits must be assessed through a full life-cycle approach.

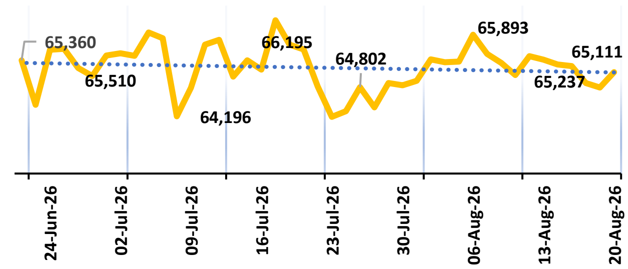
India's long-term biofuel strategy should move beyond blending targets and focus on sustainability, resource efficiency and sound economics. Policies should account for the true environmental costs of water, electricity and fertiliser use, while encouraging efficient farming and production practices. A combination of transparent carbon accounting, water-use assessment, technology-neutral incentives and better market signals can help make ethanol a genuinely sustainable part of India's energy transition. *(indianexpress.com)*

13. DAILY ECONOMIC INDICATORS

SENSEX

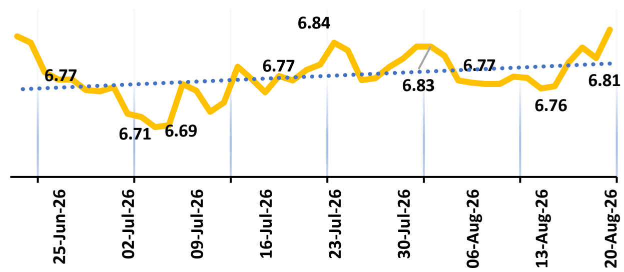


BANKEX

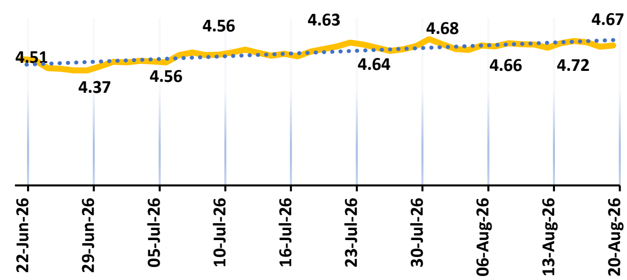


G SEC YIELD (10 Yr)

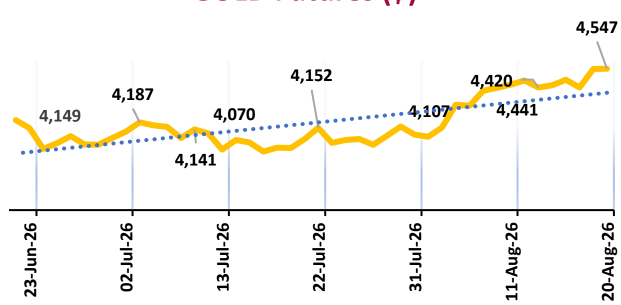
6.33 GS 2035



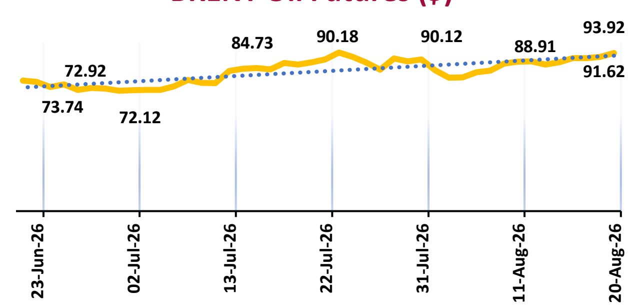
US TREASURY YIELD (10 Yr)



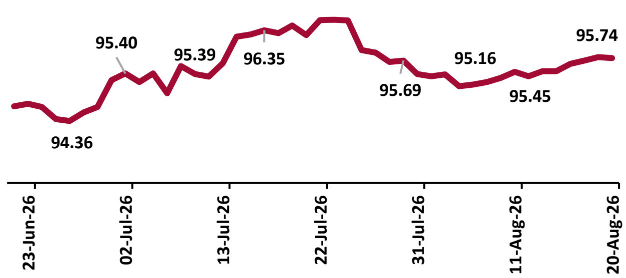
GOLD Futures ($)



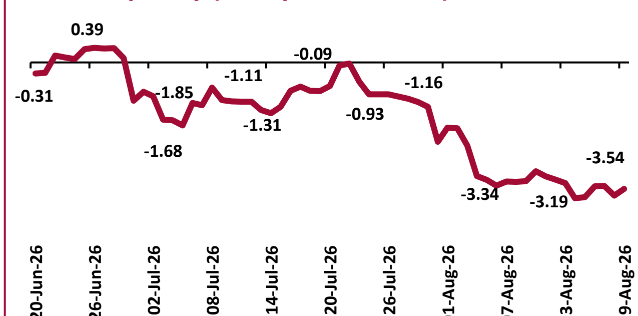
BRENT Oil Futures ($)



USD/INR



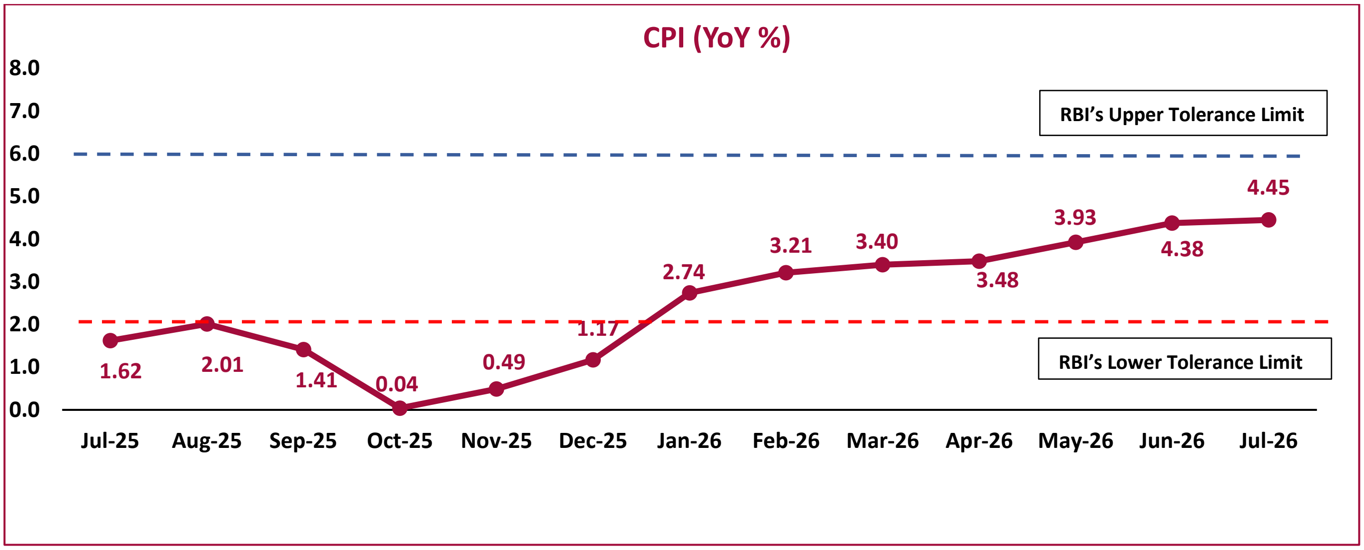
Systemic Liquidity under LAF - Net Liquidity (+ Surplus, - Deficit) - In ₹ Trn.

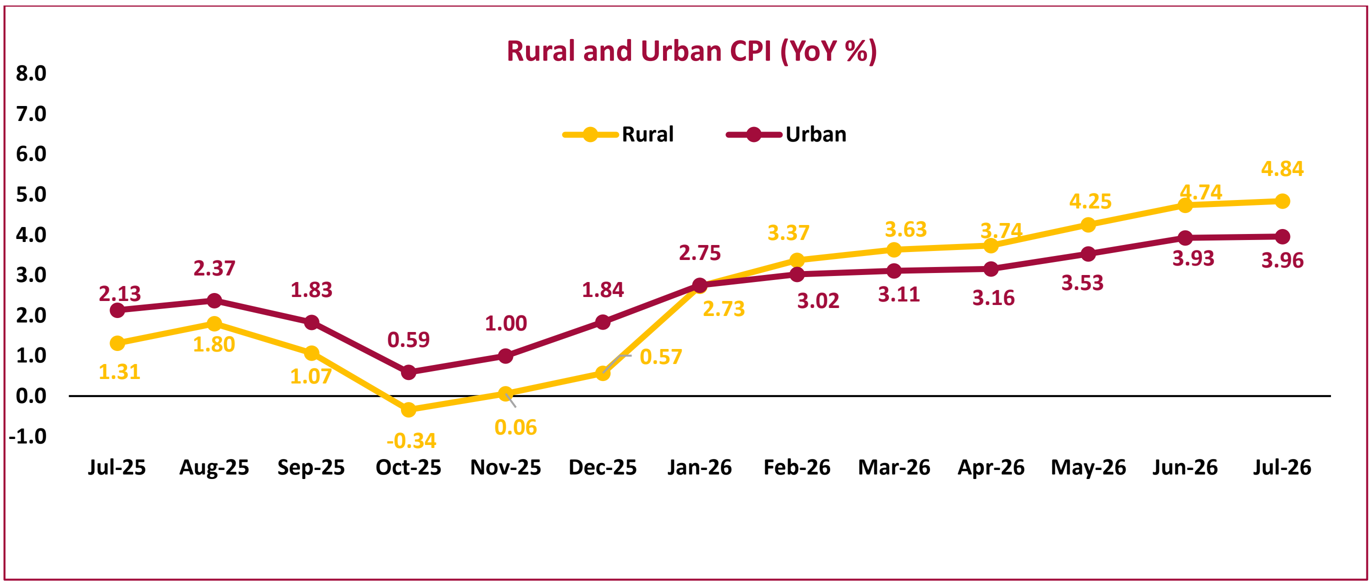


14. MONTHLY & FORTNIGHTLY ECONOMIC INDICATORS

CONSUMER PRICE INDEX (CPI) – New Base Year 2024

CPI increased to 4.45% in July 2026

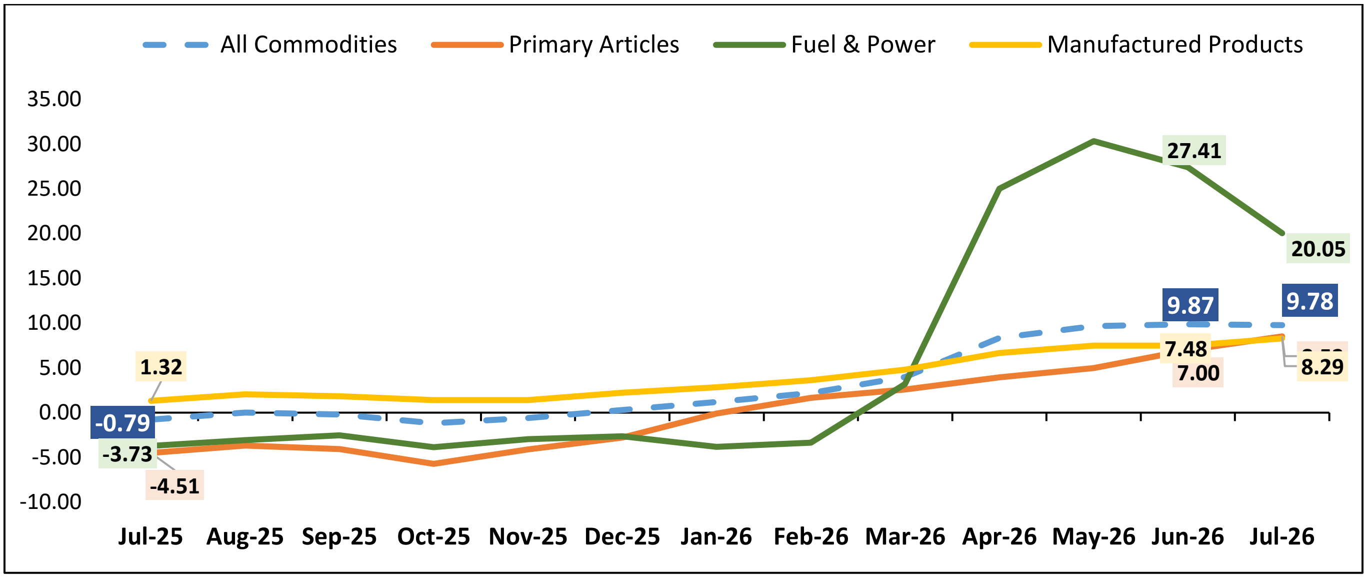




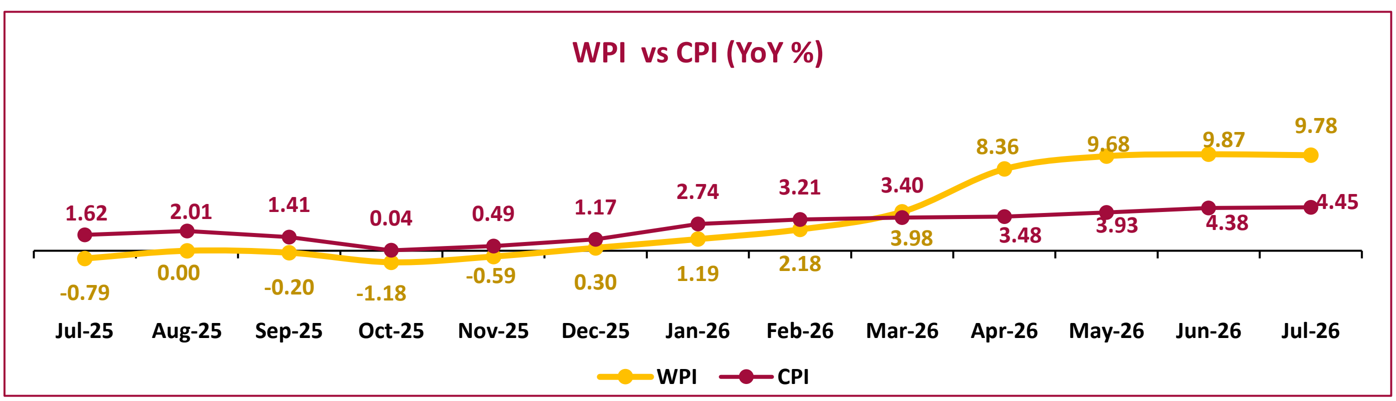
India's consumer inflation rose to 4.45% in Jul'26, up by 7 bps from 4.38% in Jun'26. Rural Inflation has increased to 4.84% in Jul'26 as compared to 4.74% in the previous month, while Urban inflation has increased to 3.96% as compared to 3.93% for the same period. Food Inflation has accelerated to 5.52% in Jul'26 as compared to 5.32% for Jun'26. Housing inflation rate for the month of Jul'26 is 2.22% and the corresponding inflation rates for rural and urban are 2.80% and 2.01% respectively. Top 5 items which recorded highest inflation in the month of Jul'26 are Silver Jewellery, Ginger, Garlic, Gold/Diamond/Platinum Jewellery, & Onion. Top five States (having more than 50 lakhs population as per Census 2011) with highest inflation in Jul'26 are Telangana, Andhra Pradesh, Tamil Nadu, Madhya Pradesh, and Karnataka. However, Telangana has remained the state with the highest inflation since Jan'26.

WHOLESALE PRICE INDEX (WPI)- YOY %

WPI inflation edged up further to 9.78% in July 2026



WPI Inflation YoY (%)	Primary Articles		Fuel & Power		Manufactured Products		Food Index *(Part of Primary Articles & Manufactured Products)*		All Commodities	
Weights	**22.76%**		**14.11%**		**63.13%**		**24.99%**		**100%**	
	2025	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**	**2026**
May	-1.63	5.26	-5.45	30.80	1.42	7.68	0.09	4.58	-0.20	9.88
June	-2.95	7.00	-3.00	27.41	1.21	7.48	-1.62	6.14	-0.40	9.87
July	-4.51	8.52	-3.73	20.05	1.32	8.29	-2.05	6.65	-0.79	9.78

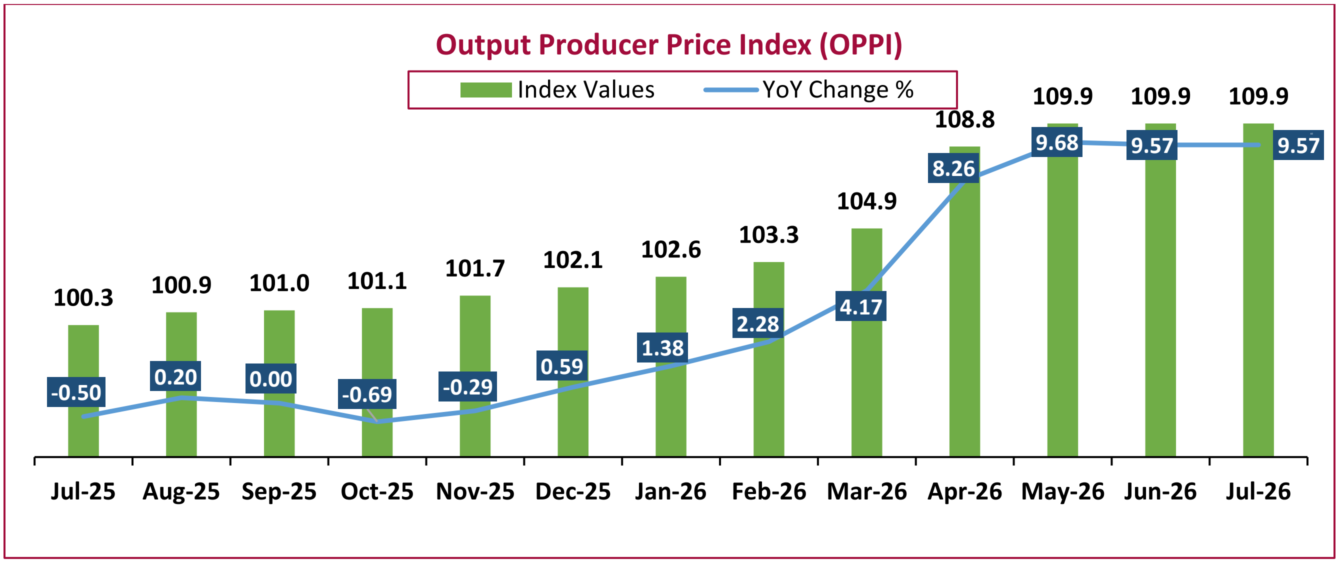


WPI inflation eased for the first time under the new base year (2022–23), primarily led by moderation in Fuel & Power price pressures. Inflation in food articles moderated marginally to 5.44% in Jul'26 from 5.49% in Jun'26, even as the Food Index increased to 6.65% from 6.14% in the previous month. Inflationary pressure from Fuel & Power softened considerably in Jul'26, with the rate easing to 20.05% from 27.41% in Jun'26. Inflation in Manufactured Products, which carries the highest weight in the WPI basket, increased to 8.29% in Jul'26 from 7.48% in Jun'26, indicating continued cost pressures in the industrial segment.

PRODUCER PRICE INDICES

A. Output Producer Price Index (OPPI)

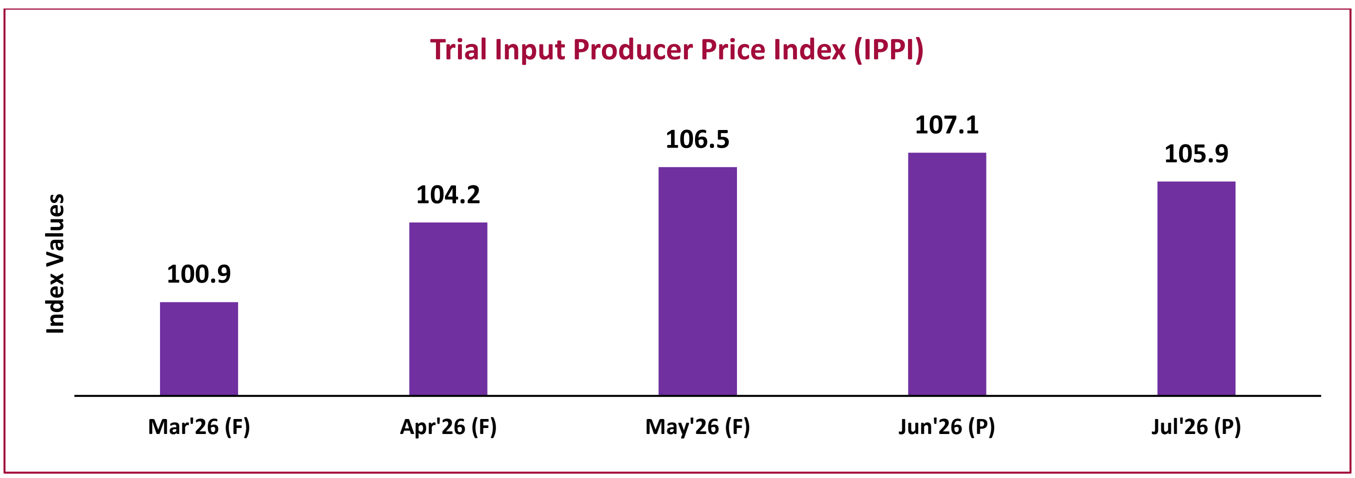
- The OPPI with base year 2022-23 provides a measure of price changes received by domestic producers for their output. The index is compiled on monthly basis using basic prices.
- All-India OPPI remained flat at 109.9 in July 2026, with inflation at 9.57% YoY. Across major categories, Agriculture, Forestry and Fishing recorded inflation of 7.84% YoY, compared with 6.54% in the previous month, while Electricity registered inflation of 1.09%, against a contraction of 0.65% last month.



Data Source: Office of Economic Adviser, Ministry of Commerce & Industry, PNB (EIC)

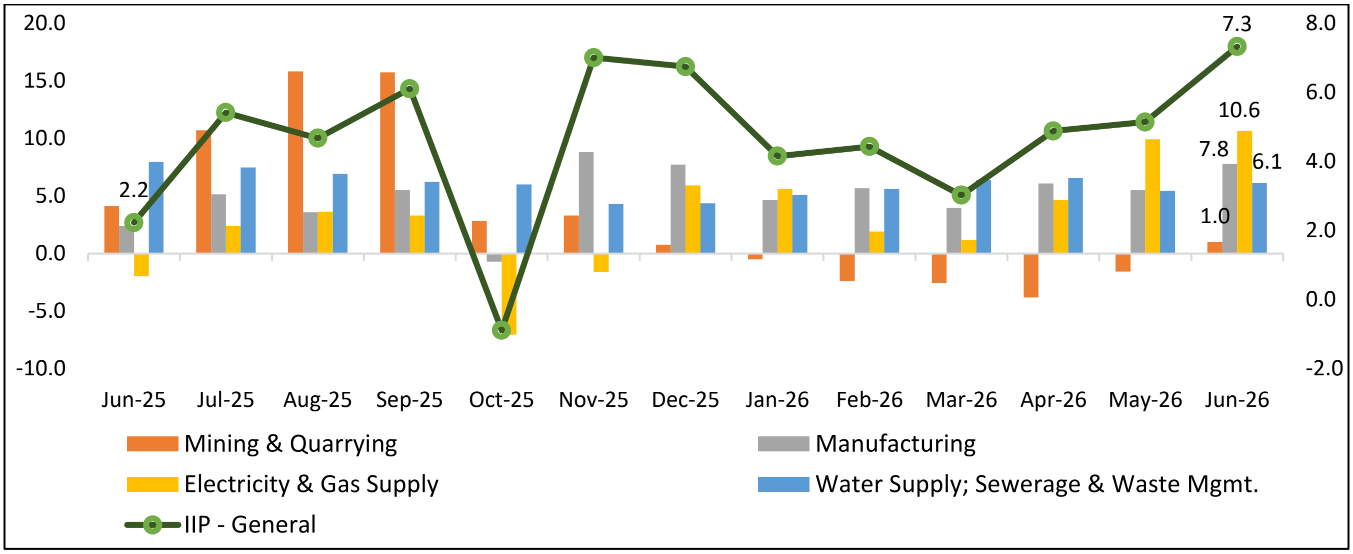
B. Trial Input Producer Price Index (IPPI)

- A Trial IPPI (only for the manufacturing sector) has been introduced on an experimental basis from March 2026 onwards. The index measures price movements of inputs used by manufacturers, helping assess the extent of cost pressures faced by producers and how it is passed on to output produced. It is compiled using purchasers' prices.



INDEX OF INDUSTRIAL PRODUCTION (IIP)

IIP growth increases to 7.3% y-o-y in June 2026



IIP Growth YoY % (Sector-wise)

Component	Weight (%)	Jun'25	May'26	Jun'26
Mining & quarrying	**11.0**	4.1	-1.4	1.0
Manufacturing	**76.1**	2.4	5.2	7.8
Electricity & Gas Supply	**10.9**	-2.0	10.3	10.6
Water Supply, Sewerage & Waste Management	**2.0**	7.9	5.5	6.1
IIP Index -General	**100.0**	**2.2**	**5.0**	**7.3**

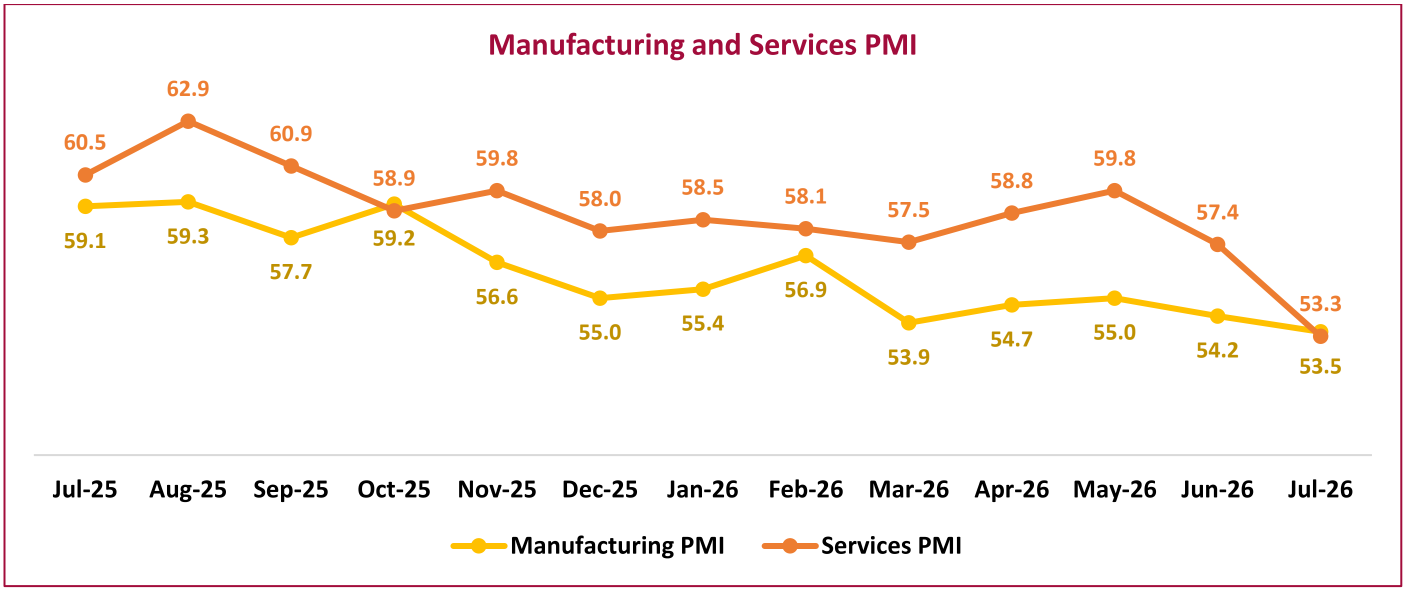
IIP Growth YoY % (Usage-wise)

Component	Weight (%)	Jun'25	May'26	Jun'26
Primary Goods	**31.1**	2.1	2.7	4.9
Capital Goods	**8.1**	3.4	15.5	14.2
Intermediate Goods	**22.4**	3.1	5.8	9.3
Infra/Construction Goods	**10.9**	6.6	6.6	7.5
Consumer Durables	**11.3**	1.4	8.0	7.7
Consumer non-durables	**16.2**	-2.0	-0.4	4.9

Industrial output, as measured by Index of Industrial Production, recorded a 7.3% expansion in Jun'26 compared to 5.0% growth in May'26. IIP growth was driven by a broad-based expansion of all the four sub-segments. The strong growth in IIP was fueled by expansion in electricity and manufacturing sector. Manufacturing, which accounts for the largest share (76.1%) in IIP, grew 7.8% YoY in Jun, higher than 5.2% in the previous month, providing the main impetus to overall growth. Electricity & gas supply posted the strongest sectoral growth at 10.6% on the back of improvement in power demand. Under use-based classification, all the six segments recorded strong growth in Jun'26. Capital goods sector grew in double digits for third consecutive month, recording 14.2% YoY growth in Jun'26.

PURCHASING MANAGERS' INDEX (PMI)

Services PMI decreased to 53.3 and Manufacturing PMI eased to 53.5 in July 2026

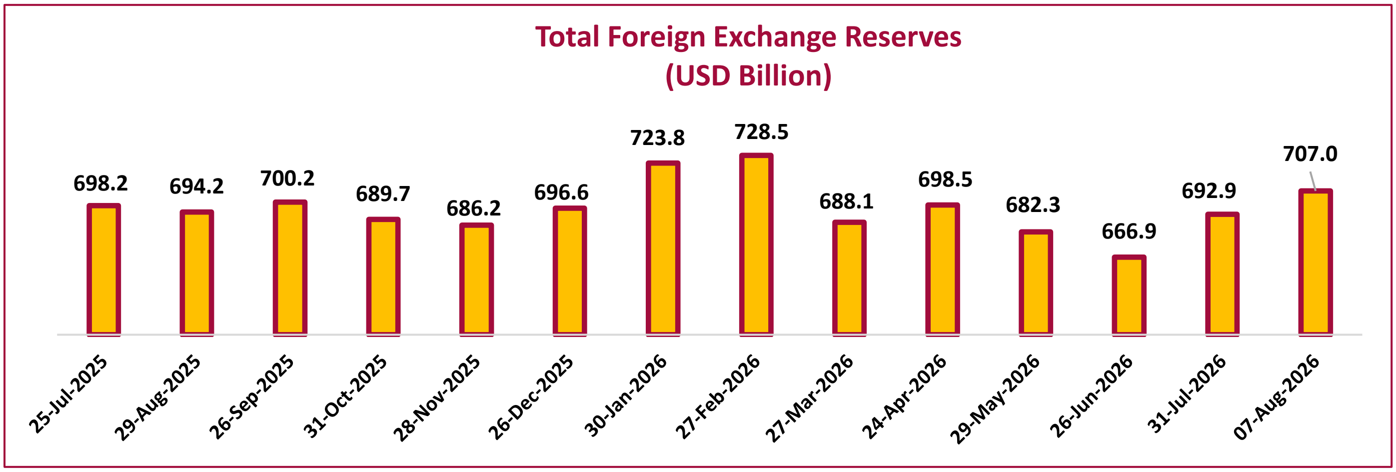


India's Manufacturing PMI eased to 53.5 in Jul'26 from 54.2 in Jun'26 indicating the slowing pace of expansion in manufacturing activity. While the sector remained firmly in growth territory, the latest reading marked its weakest expansion since Aug'21, as new orders and sales growth moderated further even as export demand strengthened and input cost pressures eased. India's Services PMI declined to 53.3 in Jul'26 from 57.4 in Jun'26, marking the lowest reading in four and a half years, as softer domestic demand and reduced client interest weighed on business activity. The growth momentum weakened considerably, with activity easing to its softest pace since Feb'22, even as the services sector remained firmly in expansion territory.

PERFORMANCE OF OTHER LEADING INDICATORS

	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26
Bank deposit (YoY%)	10.2	9.3	9.4	10.8	10.2	12.7	10.6	11.3	16.2	13.3	12.2	13.3	15.4
Bank credit (YoY%)	10.0	10.1	10.8	12.0	11.5	14.5	13.4	14.0	17.1	16.5	17.7	18.6	19.3
Coal production (YoY%)	-12.3	11.5	-1.0	-8.5	2.1	3.6	3.4	2.2	-4.1	-9.0	-9.5	1.4	
Electricity generation (YoY%)	-0.8	1.0	0.8	-10.6	-5.0	4.4	2.2	-1.5	-1.1	2.3	7.5	8.3	7.4
Consumption of petroleum products (YoY%)	-4.4	4.8	7.0	-1.5	0.6	4.5	0.3	4.5	3.2	-6.5	-8.1	-3.5	2.9
Cargo handled at major ports (YoY%)	4.0	2.5	11.5	11.9	14.5	12.7	7.6	5.1	0.6	2.4	6.6	9.2	8.8
GST Collections (in Rs. Lakh Crore)	2.0	1.9	1.9	2.0	1.8	1.8	2.0	1.9	2.0	2.4	1.9	1.9	2.1
Steel consumption (million tonnes)	13.4	13.7	13.4	13.3	13.0	14.4	14.9	13.4	16.3	13.0	14.4	14.2	14.4
Two-wheelers sales (Nos. in Lakhs)	20.0	22.7	25.9	26.4	24.2	20.1	23.8	23.6	24.0	23.8	24.0	24.0	24.8
Tractors sales (Nos. in Thousand)	72.8	73.2	154.4	173.6	102.0	79.7	97.7	88.5	112.5	114.7	118.4	136.0	86.3

FOREIGN EXCHANGE RESERVES

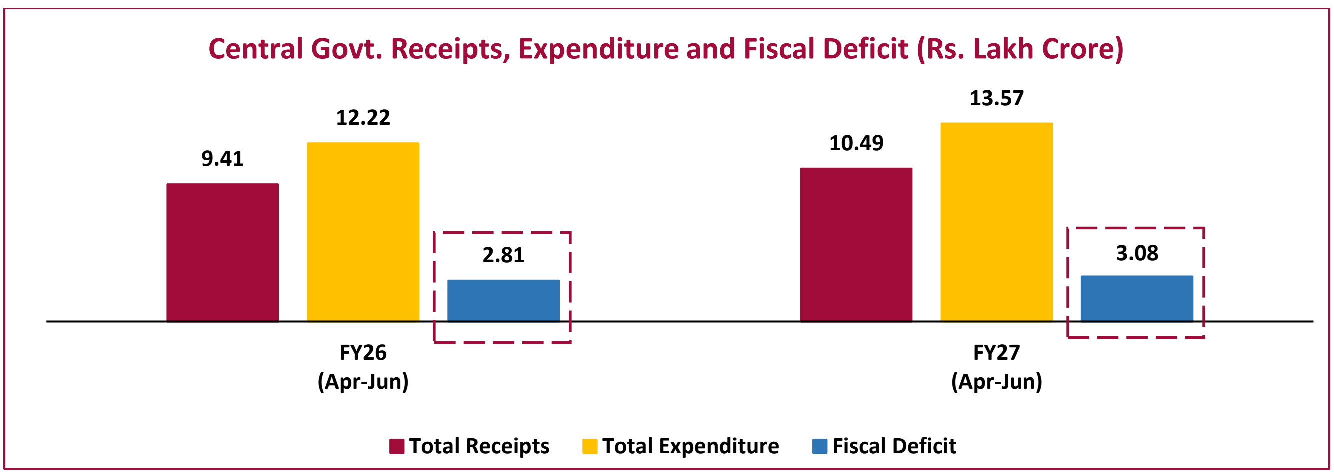


India's foreign exchange reserves stood at $707 billion in the week ending 7th August, 2026, bolstered by robust dollar inflows.

E-WAY BILL GENERATION (No. in cr.)

	Jul -25	Aug -25	Sep -25	Oct -25	Nov -25	Dec -25	Jan -26	Feb -26	Mar -26	Apr -26	May -26	Jun-26	Jul-26
E-way bill Generation	13.2	12.9	13.2	12.7	13.0	13.8	13.7	13.3	14.1	13.3	13.7	13.7	14.0

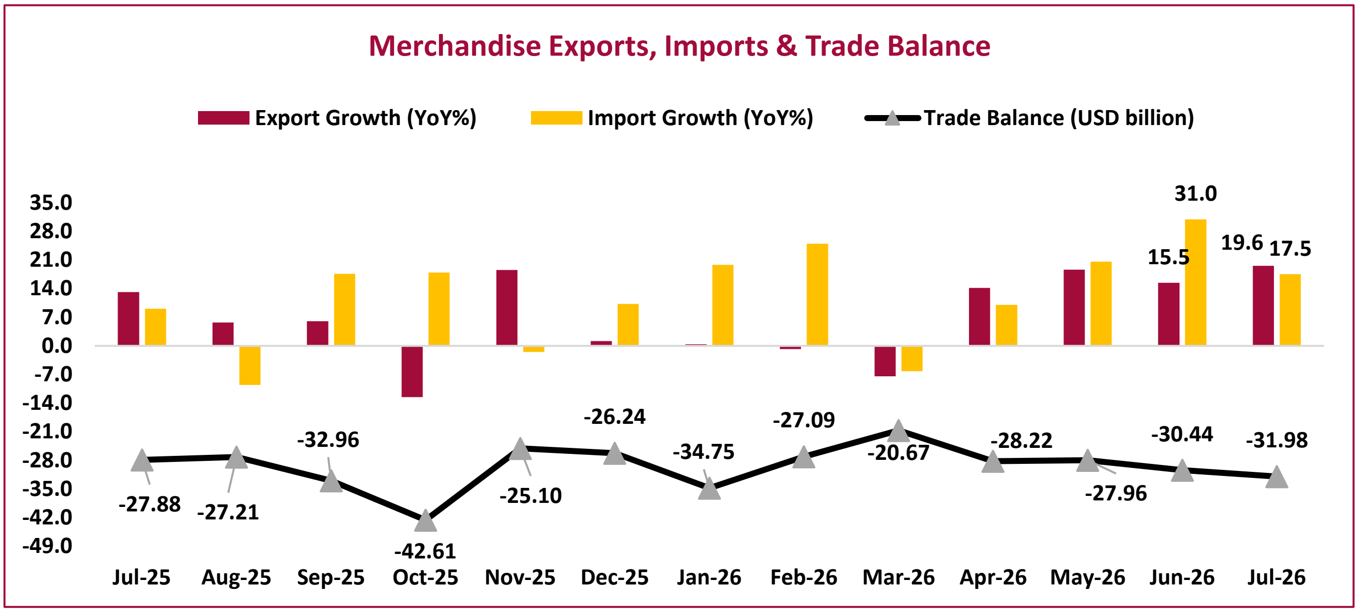
FISCAL DEFICIT

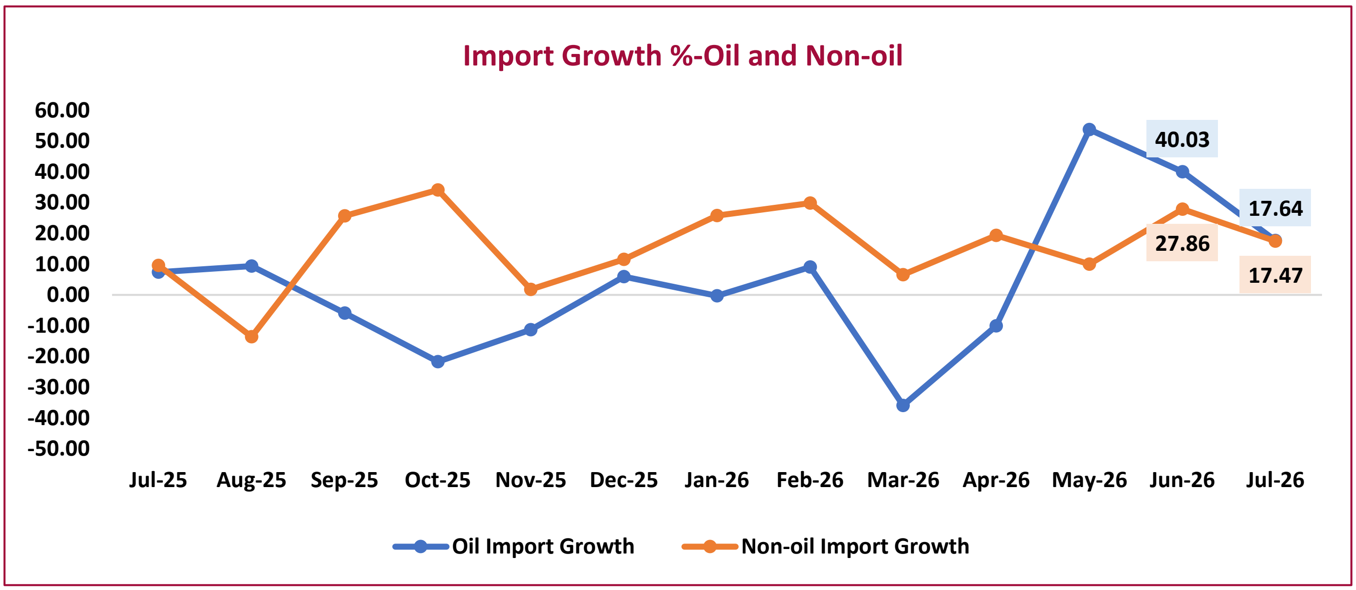


The government's fiscal deficit in June 2026 came in at ₹3.08 lakh crore amounting to 18.2% of the Budget Estimates (BE) vis-à-vis ₹2.81 lakh crore i.e. 17.9% of BE during the same period last year. Govt.'s total expenditure stood ₹13.57 lakh crore reaching 25.4% of the BE in June 2026. This compares to ₹12.22 lakh crore recorded in the same period last year i.e. 24.1% of estimate. Capital expenditure amounting to ₹3.40 lakh crore in June 2026 reached 27.8% of the BE, compared to 24.5% during last year. Total revenue receipts of ₹10.49 lakh crore accounted for 28.7% of the BE, up when compared with 26.9% during the same period last year.

FOREIGN TRADE

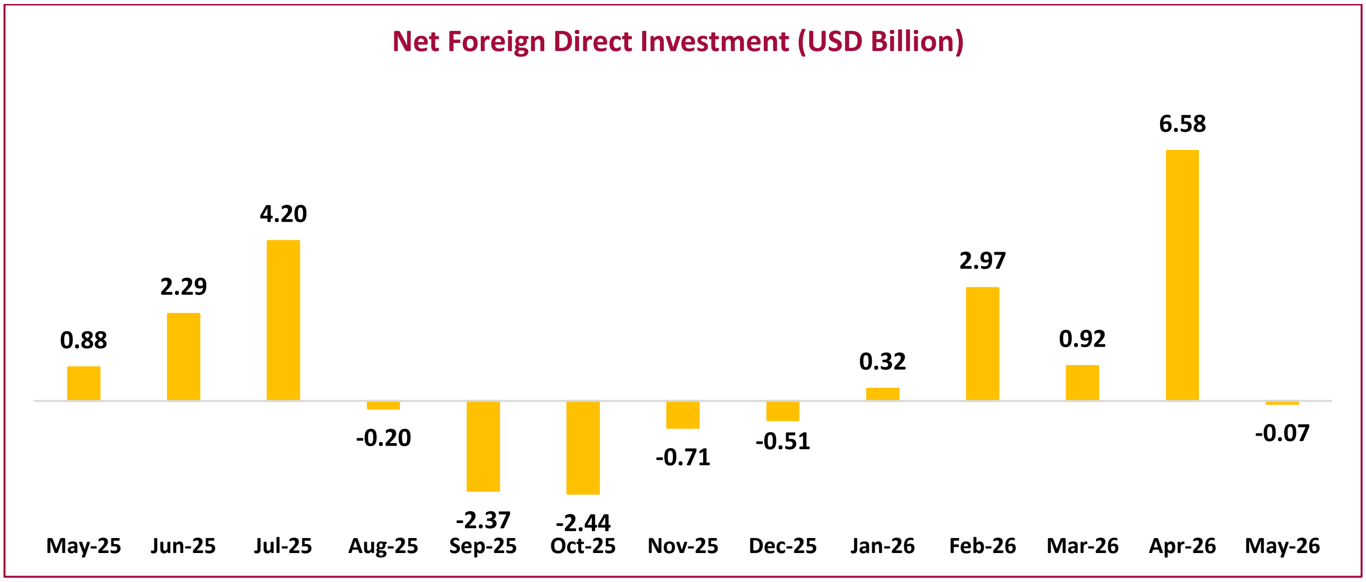
Trade deficit jumped to a six-month high of 31.98 USD billion



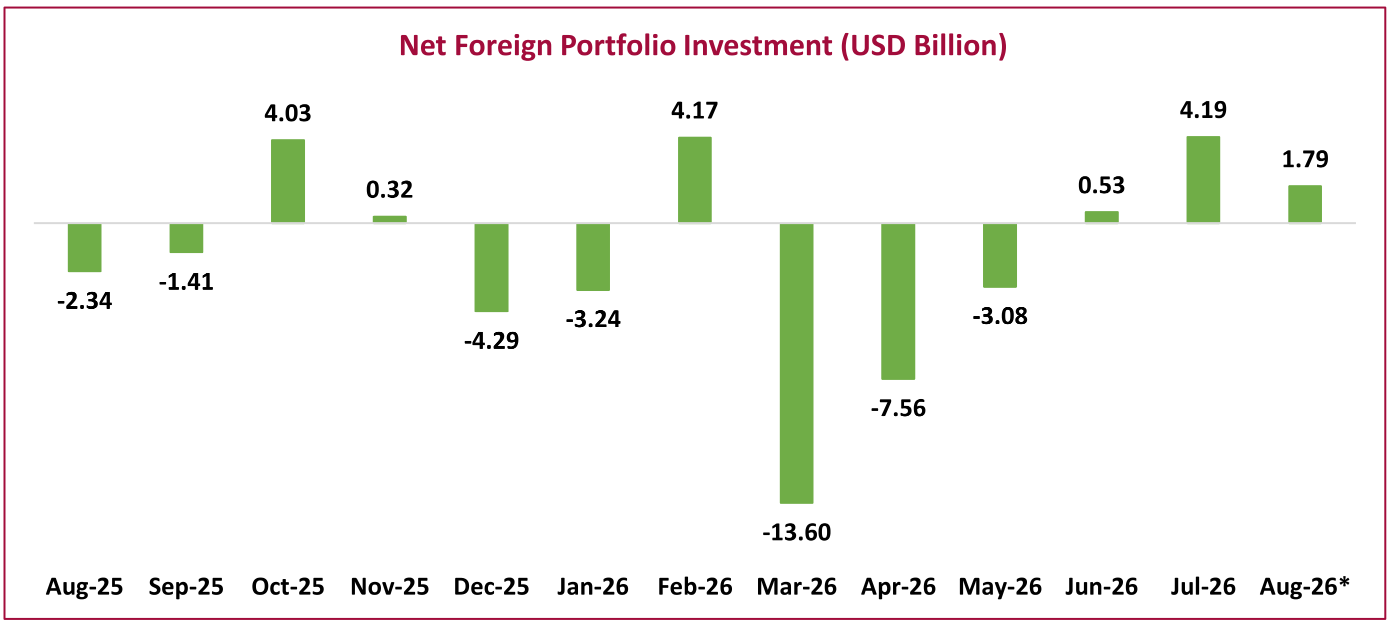


The gap between imports and exports of goods stood at $31.98 billion in July 2026. It increased from $27.88 billion in July 2025. It was recorded at $30.44 billion in June 2026. Merchandise exports increased to $44.24 billion in July 2026 from $36.98 billion in July 2025, registering a YoY growth of 19.6%. Exports of non-petroleum products rose by 13.6% YoY to $37.32 billion, while petroleum product exports surged 67.6% YoY to reach $6.92 billion. Merchandise imports grew by 17.5% YoY to $76.22 billion in Julys 2026, largely driven by higher imports of crude oil and electronic goods. Gold imports jumped 4.8% YoY, however, on sequential basis import value increased to $4.16 billion in July'26 from $1.97 billion in June'26. Silver imports declined sharply by 66.1% YoY to $171.7 million.

FOREIGN INVESTMENTS



Net Foreign Direct Investment flows turned negative in the month May 2026 with outflows exceeding inflows by $74 million. This marked the end of the three-month streak of positive net inflows. This slight contraction followed a strong start to the fiscal year, though the combined net FDI for the April-May 2026 period remained positive at $6.5 billion.



**upto 18th August 2026*

Foreign portfolio investment (FPIs) stood at USD 1.79 billion in the first half of August, extending the buying trend. These inflows follow USD 4.19 billion investment in July, reversing a four-month streak of aggressive selling. The renewed buying interest was supported by improving domestic macroeconomic indicators, stable crude oil prices, strong quarterly earnings reports and expectations of a rate cut in US.

DEPOSIT AND CREDIT OF SCBs

Parameter (Rs. Lakh Crore)	25.07.2025	31.03.2026	15.07.2026	31.07.2026	YoY Growth (%)	Fortnightly Growth (%)
Deposits	233.50	262.30	262.81	269.41	15.38	2.51
Advances	185.01	213.61	217.35	220.78	19.33	1.58
Business	418.51	475.91	480.15	490.19	17.13	2.09

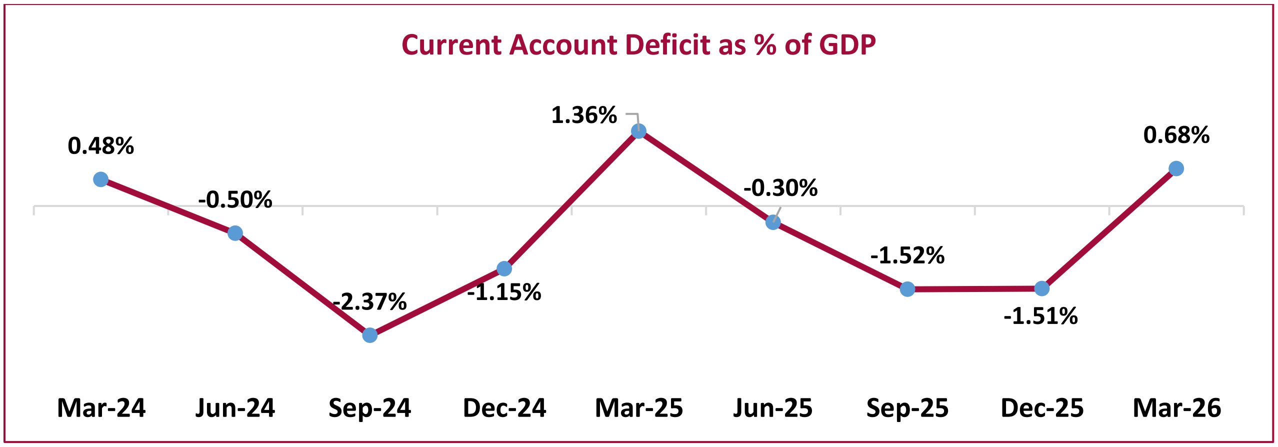
SECTORAL DEPLOYMENT OF CREDIT- INDUSTRY WISE

Parameter* (Rs. Lakh Crore)	Jun-25	Mar-26	Jun-26	YoY %
Total Credit	**184.9**	**213.6**	**219.3**	**18.6**
Agriculture and allied activities	**23.1**	**26.4**	**26.9**	**16.8**
Industry	**40.0**	**45.8**	**47.7**	**19.2**
Of which				
Micro & small	8.8	10.6	10.8	23.0
Medium	3.6	4.4	4.7	30.3
Large	27.6	30.8	32.2	16.6
Personal loans	**61.5**	**69.4**	**71.1**	**15.8**
Of which				
Housing (Including priority sector housing)	30.7	33.6	34.0	11.0
Credit card outstanding	2.9	2.9	3.0	1.9
Education	1.4	1.6	1.6	13.3
Vehicle loans	6.4	7.4	7.5	17.3
Services	**50.7**	**60.6**	**61.5**	**21.4**
Of which				
Computer software	0.4	0.5	0.5	48.7
Tourism, hotels & restaurants	0.9	1.0	1.1	24.7
Shipping	0.1	0.1	0.1	28.9
Aviation	0.5	0.5	0.6	12.6
Retail trade	5.4	6.0	6.0	10.8
Commercial real estate	5.5	6.3	6.7	22.1

Bank credit grew by 18.6% y-o-y in Jun’26 as compared to 9.5% in Jun’25. Credit to agriculture and allied activities registered a y-o-y growth of 16.8% in Jun’26 as compared to 6.8% in Jun’25. Credit to industry recorded a robust y-o-y growth of 19.2% in Jun’26 as compared to 6.3% in Jun’25. Credit to services sector registered a growth rate of 21.4% y-o-y in Jun’26 as compared to 8.8% in Jun’25, supported by robust growth in segments such as ‘non-banking financial companies’ (NBFCs), ‘commercial real estate’ and ‘trade’. Credit to personal loans segment recorded a y-o-y growth of 15.8% in Jun’26 as compared to 11.7% in Jun’25. While segments such as ‘vehicle loans’ and ‘housing’ registered steady double digit growth.

15. QUARTERLY ECONOMIC INDICATORS

CURRENT ACCOUNT BALANCE



Key Features of India's BoP During 2025-26

- India's current account deficit stood at US$ 25.2 billion (0.6 per cent of GDP) in 2025-26 as compared to US$ 22.9 billion (0.6 per cent of GDP) during 2024-25.
- Net invisibles receipts at US$ 312.0 billion were higher in 2025-26 than US$ 264.0 billion a year ago, primarily on account of net services receipts and net personal transfers.
- Net FDI inflows increased to US$ 6.9 billion in 2025-26 from US$ 1.0 billion in 2024-25.
- FPIs recorded net outflows of US$ 16.4 billion in 2025-26 as against net inflows of US$ 3.6 billion a year ago.
- In 2025-26, foreign exchange reserves depleted by US$ 23.6 billion (on a BoP basis) as compared with a depletion of US$ 5.0 billion a year ago.

16. GLOBAL INTEREST RATES

Central Banks	Countries	Latest Interest Rate (%)	Last Change	Next Meeting Date
Bank of Japan	Japan	1.00%	Jun 16, 2026 (25bp)	Sep 18, 2026
European Central Bank	Europe	2.40%	Jun 11, 2026 (25bp)	Sep 10, 2026
Federal Reserve	U.S.A	3.75%	Dec 10, 2025 (-25bp)	Sep 16, 2026
Bank of England	U.K	3.75%	Dec 18, 2025 (-25bp)	Sep 17, 2026
Peoples Bank of China	China	3.00%	May 20, 2025 (-10bp)	Aug 20, 2026
Reserve Bank of India	India	5.25%	Dec 05, 2025 (-25bp)	Oct 07, 2026

17. MACRO ECONOMIC INDICATORS OUTLOOK

ECONOMIC INDICATORS

- **GDP Growth** – Despite global headwinds, the domestic economy remained resilient, reflected by positive trends in high-frequency indicators such as bank credit offtake, IIP growth, the Index of Services Production and core sector growth. Merchandise exports improved in Q1, aided by stronger non-petroleum exports, while services exports continued to perform well. *The RBI has revised its real GDP growth forecast for FY 2026-27 upward to 6.7% from 6.6% in the August 2026 monetary policy, while keeping risks evenly balanced.*
- **Inflation** – India's consumer inflation rose to 4.45% in July'26 from 4.38% in June'26, remaining above the RBI's medium-term target of 4%. Food inflation also increased to 5.52% in July'26 from 5.32% in June'26. *Looking ahead, El Niño's impact on temporal and spatial rainfall distribution continues to remain a major risk, although proactive supply management and adequate stock of foodgrains should provide comfort. For FY'27, CPI inflation has been revised downward by RBI to 5.0% from 5.1% in MPC held in August 2026.*
- **Fiscal Deficit** – The fiscal deficit widened to ₹3.08 lakh crore by Jun'26, equivalent to 18.2% of the FY27 BE, compared with 17.9% of the Budget Estimate in Jun'25. *With the Q1 fiscal deficit touching 18.2% of the full-year target, managing the spikes in fertilizer subsidies is vital to keep the capex expansion on track and hit the mandated 4.3% GDP consolidation glide path.*
- **External Sector -** The gap between imports and exports of goods stood at $31.98 billion in July 2026. It increased from $27.88 billion in July 2025. It was recorded at $30.44 billion in June 2026. *Going forward, trade performance is expected to draw support from the operationalisation of recently concluded FTAs and early ratification of the India-EU agreement, sustained gains in electronics and engineering under domestic manufacturing incentives, preparing exporters for emerging non-tariff requirements in European markets, identifying import-substitution opportunities in components and fertilizers along with widening the export base through the Districts as Export Hubs programme.*
- **Industrial Production (IIP)** - Industrial output, as measured by Index of Industrial Production recorded a 7.3% expansion in Jun'26 compared to 5.0% growth in May'26. *Going forward, the IIP is expected to remain strong, drawing support from stable interest rate scenario, demand emanating from upcoming festive season and moderating crude oil prices amidst West Asia crisis.*

MARKET INDICATORS

- **Rupee (INR)** – The rupee remained under pressure due to foreign fund outflows and rising crude oil prices amid geopolitical uncertainties. *In the near term, it is expected to remain in the 95.10–95.80 range, with crude oil prices and the US dollar serving as key directional triggers.*
- **Crude Oil** - Brent crude remained under pressure amid concerns over weaker global demand, even as supply risks persisted due to the possibility of a prolonged US-Iran conflict and a continued naval blockade of Iran. On 14 August 2026, Brent crude traded around US$87.20 per barrel. *In the near term, prices are expected to remain volatile, with Strait of Hormuz disruptions, inventory trends, global demand conditions and geopolitical developments serving as key directional triggers.*

18. INDUSTRY OUTLOOK

DEFENCE MANUFACTURING

India's defence sector has shifted over the past decade from an import-dependent procurement model to a manufacturing base with export ambitions. Indigenous **production has risen roughly fourfold** since FY15, while **exports have grown from a marginal figure to a record high**. FY26 marks the point at which both scale and external demand have moved together.

Indigenous defence **production reached ₹1.78 lakh crore in FY26**, up 15.6% over FY25's ₹1.54 lakh crore crore and nearly four times the ₹0.46 lakh crore recorded in FY15. Defence Public sector units (DPSUs) and other PSUs accounted for around 76% of output, with the private sector contributing 24%, up from 22% a year earlier. Defence **exports touched a record ₹38,424 crore**, a 62.66% rise over FY25, against ₹686 crore in FY14. **Shipments now reach over 80 countries**, and **registered exporters rose from 128 to 145**. Export growth outpaced production growth fourfold in FY26, indicating Indian platforms are finding overseas buyers rather than only substituting imports.

Three factors underpin this output. First, **budgetary support**: the MoD **allocation for FY27 stands at ₹7.85 lakh crore**, a 15.19% increase and 14.67% of the Union Budget FY27, with **R&D expenditure more than doubling** from ₹13,716 crore in FY15 to ₹29,100 crore in FY27. Second, a **widening supplier base**: iDEX has engaged **676 startups, MSMEs and innovators**, yielding 551 design and development contracts as of March 2026, while Srijan DEEP lists over 41,000 vendors. The Uttar Pradesh and Tamil Nadu defence corridors have drawn ₹42,057 crore and ₹32,699 crore in investment commitments. Third, an **order pipeline**: the Defence Acquisition Council **cleared proposals worth ₹2.38 lakh crore in March 2026** and ₹52,000 crore in July 2026. Together, these give manufacturers order visibility well beyond the current cycle, provided clearances convert into signed contracts at pace.

On the import side, **India remains the world's second-largest importer** of major arms at 8.2% of global imports during 2021-25, behind Ukraine at 9.7%. Import volumes over the years have declined modestly, which SIPRI attributes partly to rising domestic production capability, though it notes indigenous programmes continue to face delays. Government targets of **₹3 lakh crore in annual production and ₹50,000 crore in exports by 2029** appear reachable on current momentum.

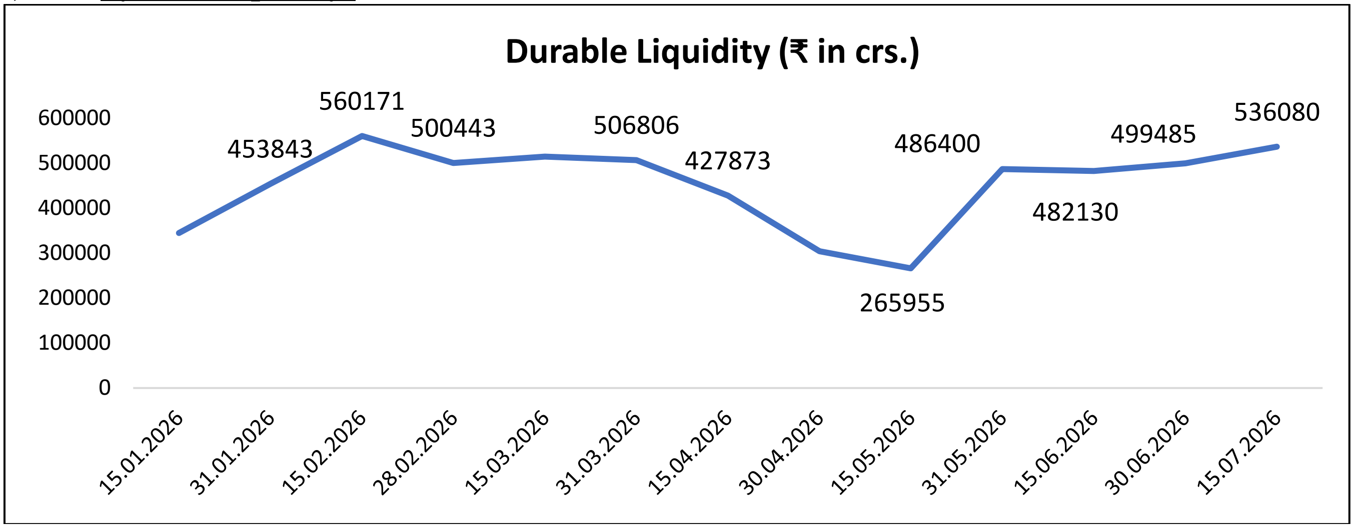
Attention should therefore turn to composition rather than scale: deepening private sector participation, converting cleared proposals into signed contracts, and reducing reliance on imported critical systems.

Shubham Kumar Singh
Officer (Economics)
SMEAD, Head Office

19. MARKET INSIGHTS

Outlook:

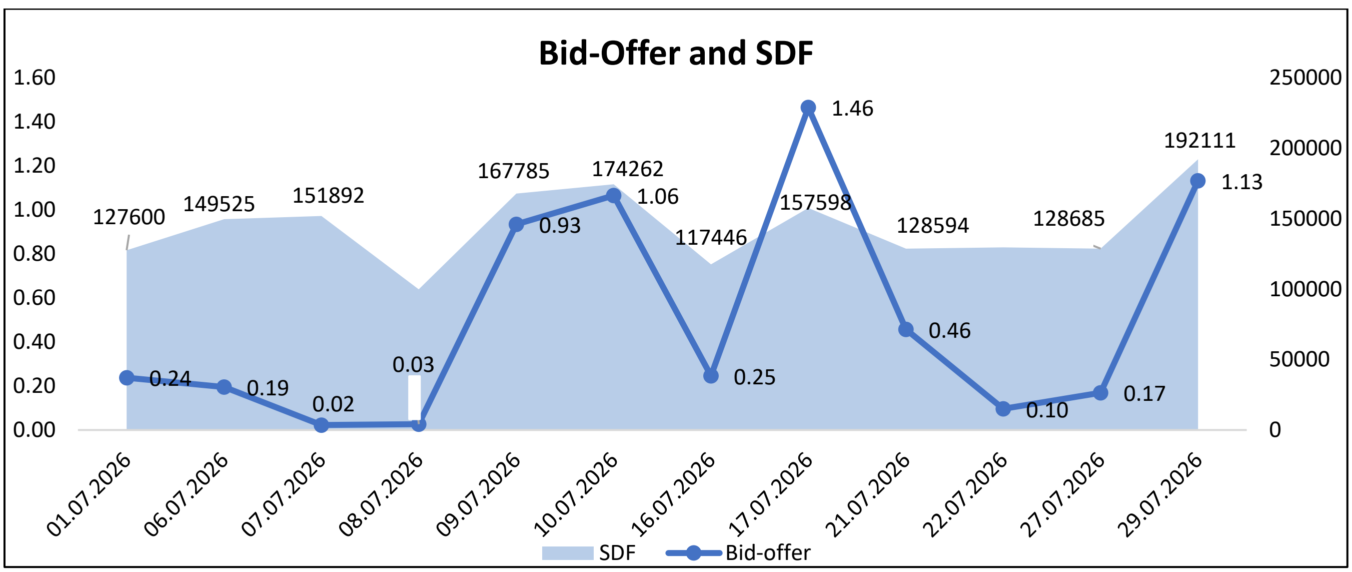
i) System Liquidity:



Source: RBI

During July'26, system liquidity hovered in the range of 0.01% to 0.86% NDTL compared to (-) 0.16% to 0.75% NDTL in the preceding month, facing drag from govt. of India cash balance outflows while supported by moderation in FX intervention due to foreign inflow measures, which supported USD/INR levels.

Further, durable liquidity stood 2% NDTL (as on 15.07.2026) being supported by moderation in currency demand and forex intervention. To align WACR with repo, RBI conducted twelve VRR auctions injecting ₹8,00,000 crores into the system.

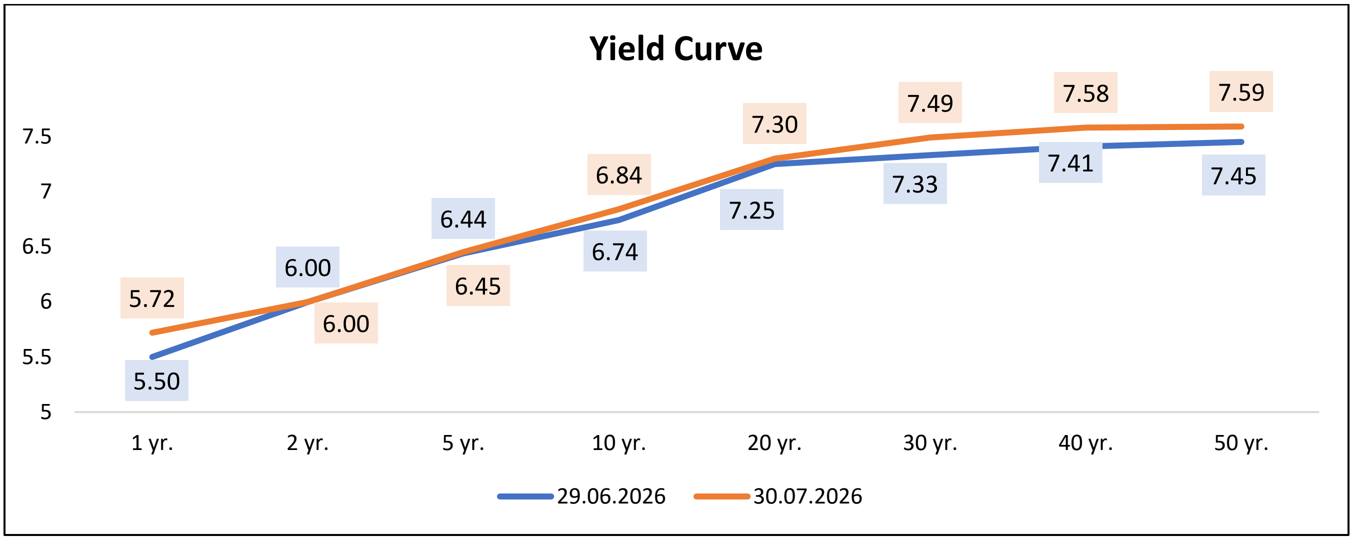


Majority of VRRs witnessed low bid cover ratio as market participants resorted to maintaining lower SDF.

Outlook-Aug'26

Headwinds	Tailwinds
Any negative news on U.S.-Iran peace negotiation could likely increase Dollar sales, dragging liquidity.	Seasonal support from moderation in currency in circulation and government spendings is likely to support liquidity. Additionally, FCNR and ECB inflows would also support rupee liquidity.

ii) G-sec yields:



During July'26, yield curve witnessed upward shift tracking brent prices and market negativity surrounding deferment of inclusion of Indian bonds in Bloomberg Aggregate Index but was partially offset by positive market sentiments due to RBI data release depicting higher FCNR (B) inflows.

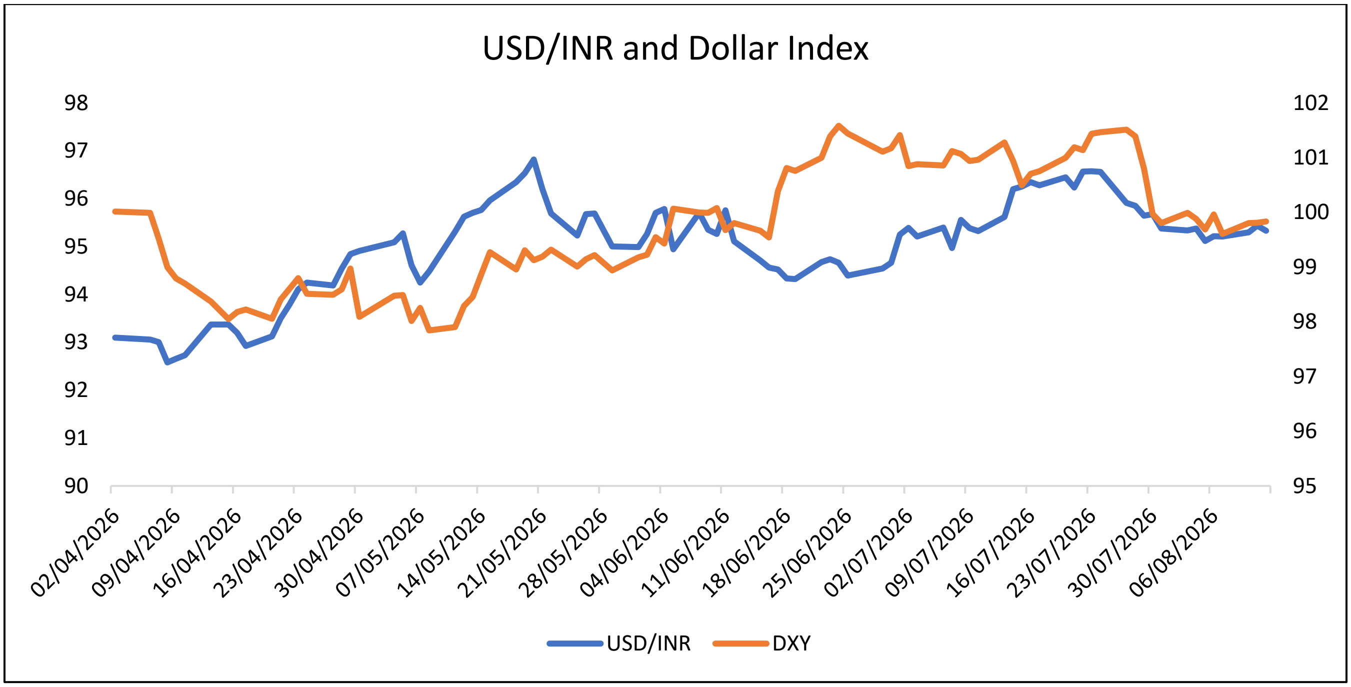
Market was cautious due to rise in U.S. yields post commentary by Fed officials, Warsh and Waller, indicating tendency towards Fed rate hikes.

Near term Outlook:

Post August'26 MPC, market views rate hike in medium term amidst robust GDP growth and rise in inflationary pressures.

Parameter	Analysis	Impact on Yields
Demand & Supply	Although demand from longer tenor State Development Loans is supporting yields but revenue shortfall might lead to supply concerns in latter part of FY27.	⬆
Crude Oil	Market expects crude prices to average higher at $90-95 per barrel in FY27.	⬆

iii) USD/INR:



- During the month, USD/INR pair traded in a wide range of 94.95 to 96.67 and closed at 95.38 as on 31.07.2026. INR witnessed slight appreciating bias due to including strong foreign inflows, lower
- INR is expected to remain under pressure, though the pace of depreciation may moderate if crude oil prices soften and support from multiple measures introduced by RBI.
- In the current scenario, crude prices are not expected to come down to pre-crisis USD 65/barrel level even if the middle east crisis were to disappear immediately.
- With the Fed outlook turning more hawkish and data dependent, interest rate differential between India 10-yr. yields and U.S. 10-yr. is expected to widen in medium term.

iv) Market Outlook

In the near term, higher-than-expected capital inflows might lead to excess liquidity and RBI may resort to liquidity management tools like long-tenor VRRR or OMO sales. In Q2FY27, amid external concerns, strong FCNR and ECB inflows are expected to average between ₹94.00-96.50 per Dollar.

Pragya Rani
Manager
Treasury

20. BOOK REVIEW

INVISIBLE WOMEN: *DATA BIAS IN A WORLD DESIGNED FOR MEN*

Invisible Women is a meticulously researched exposé demonstrating how a lack of gender-disaggregated data systematically treats men as the universal human default. Caroline Criado Perez argues that this hidden bias does not stem from collective malice, but from an unthinking habit of ignoring female physiology and lifestyles. The resulting 'gender data gap' weaves structural inequality into the fabric of daily life, generating consequences that span from minor inconveniences to life-threatening institutional hazards.

The initial chapters dissect urban planning and transit grids designed strictly around the traditional male commute—a linear, uninterrupted trip from home to a central office. Criado Perez contrasts this with the 'trip-chaining' pattern typical of women, who combine childcare, grocery runs, and eldercare into multi-stop local trips. This infrastructure bias extends to snow-clearing schedules that prioritize arterial highways over pedestrian sidewalks, inadvertently causing disproportionate sidewalk slip-and-fall injuries among women and raising public healthcare costs.

From smartphones that dwarf the average female hand to speech-recognition software optimized for deeper male voices, technology routinely disregards women. Far more critically, this systemic oversight infiltrates physical safety. Personal protective equipment (PPE)—including body armor for police officers and safety harnesses for construction workers—is typically scaled down from male proportions rather than re-engineered for the female torso. This leaves women structurally unprotected and exposed to severe workplace hazards.

The book's most damning analysis focuses on clinical healthcare. Historical exclusions of female subjects from medical trials, driven by fears that fluctuating hormone cycles would distort data, have left a profound knowledge vacuum. Consequently, women are significantly more likely to die from heart attacks because their diagnostic symptoms (nausea, fatigue) deviate from the 'classic' male markers taught in medical schools. Similarly, automotive crash-test dummies model a standard 50th-percentile male body; because vehicles lack testing for female physiology, women face a 47% higher risk of serious injury in identical car crashes.

The primary triumph of Invisible Women lies in its irrefutable, data-driven execution. Armed with over one thousand academic citations, Criado Perez bypasses emotional rhetoric to present cold, mathematically robust realities in an accessible, punchy narrative. While the text occasionally suffers from a heavy Western geographic bias and a repetitive structure, this saturation strategy successfully proves the systemic universality of the issue. Ultimately, it is a vital, transformative text for policymakers, engineers, and healthcare professionals, offering a definitive blueprint for a more equitable world: collect better data and diversify the rooms where choices are made.

Smriti Behl
Officer, Economics
Head Office, SMEAD

21. READERS’ FEEDBACK

PNB Ecolens is an insightful and well-curated publication that effectively simplifies complex economic and banking trends. A commendable effort by the team in creating such an engaging and informative resource. An excellent resource for staying updated about latest economic developments.

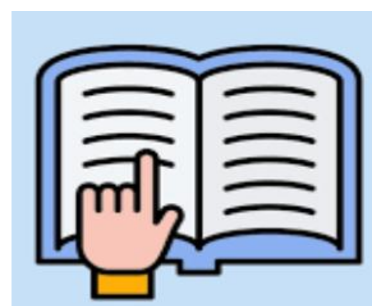
Anushree Jain, Chief Manager, CO Thane

PNB ECOLENS is a valuable resource for staying updated on key economic and banking developments, especially for field personnel who have limited time amid their daily customer dealings and operational responsibilities. Having been associated with its inception, I now find it particularly gratifying from a field perspective to see it evolve each month with new topics and material, offering a concise and easy-to-read snapshot of what one needs to stay updated.

Sagnik Bose, Senior Manager, ZO Kolkata

The July PNB Ecolens provides clear, data-backed insights on India's economy, highlighting the new Index of Services Production (ISP) and digital deposit outflows. It acts as a helpful toolkit by simplifying regulatory changes like the RBI's foreign exchange and FCNR(B) updates. With scannable data, ESG updates, and a helpful "Classroom" segment, it is highly valuable for us.

Amit Sharma, Senior Manager, International Banking & Trade Finance Division



PNB Ecolens successfully demonstrates a strong understanding of fundamental economic concepts and their practical relevance, using an analytical approach that makes complex ideas easy to comprehend. The delivery is clear and well-balanced, effectively addressing both the advantages and disadvantages of the topic. Overall, this is a commendable effort backed by sound core knowledge.

Adwait Kumar Seth, Chief Manager, ZAO Bhubaneswar

22. DATA SOURCES

- *Reserve Bank of India (RBI)*
- *Ministry of Statistics and Programme Implementation (MOSPI)*
- *Office of Economic Adviser*
- *Ministry of Commerce and Industry, Department of Commerce, DGFT*
- *Press Information Bureau*
- *GST Council*
- *Websites of major Central Banks*
- *Controller General of Accounts (CGA)*
- *Investing.com*
- *Press Articles*
- *CMIE*
- *Statista*

QUOTE OF THE MONTH

"To accomplish great things we must not only act but also dream; not only plan, but also believe."

— Anatole France

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