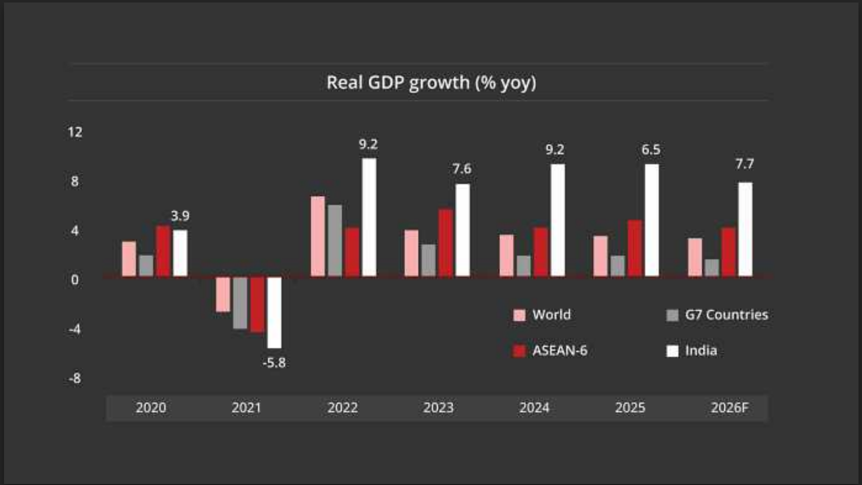
DBS Live more, Bank less

INDIA: Macro Update

As of JULY 2026

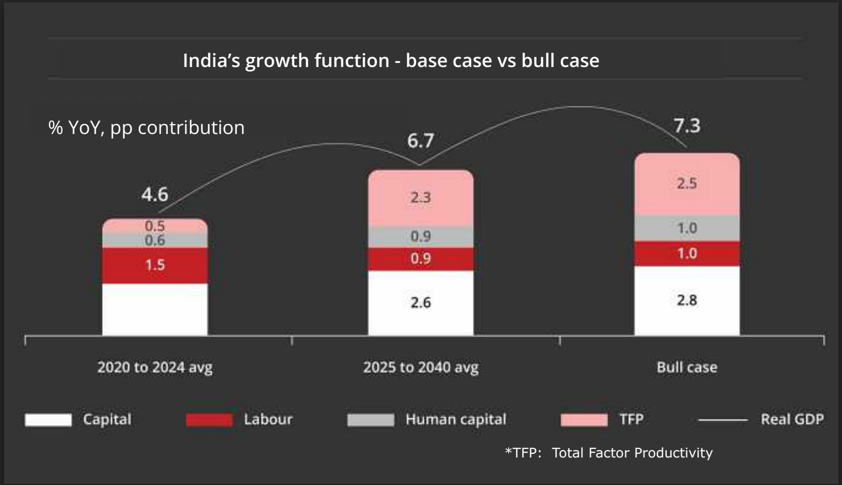
As global conditions remain fluid, India’s relative macro strength positions it well to navigate volatility. Continued policy support, improving investment cycles, and structural drivers such as consumption and digitalization are expected to sustain **the** growth, while prudent management of inflation and external balances reinforce overall economic stability.

India's Growth is Expected to Average ~7% in FY27



Source: IMF, CEIC, India are DBS forecasts (in FY)

Medium-Term Growth Outlook

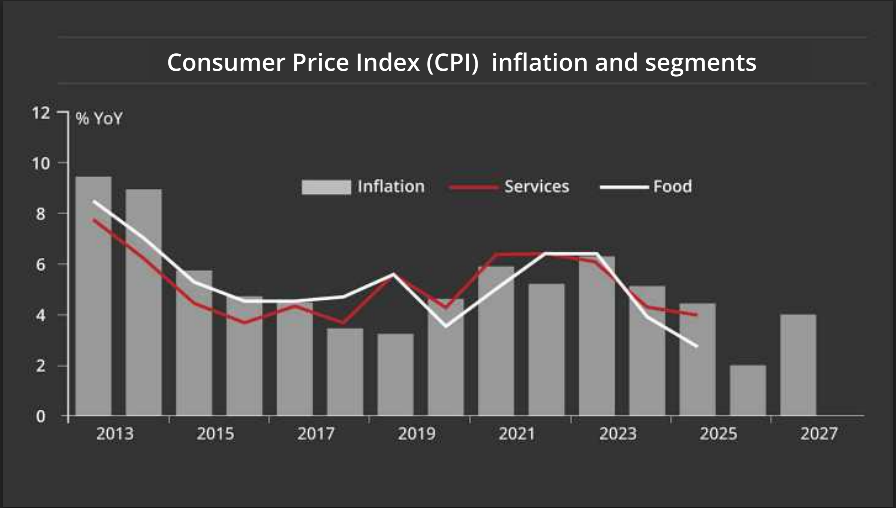


Sources: CEIC, IMF, Penn World Table, DBS

*ASEAN - 6 countries consists of Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam.

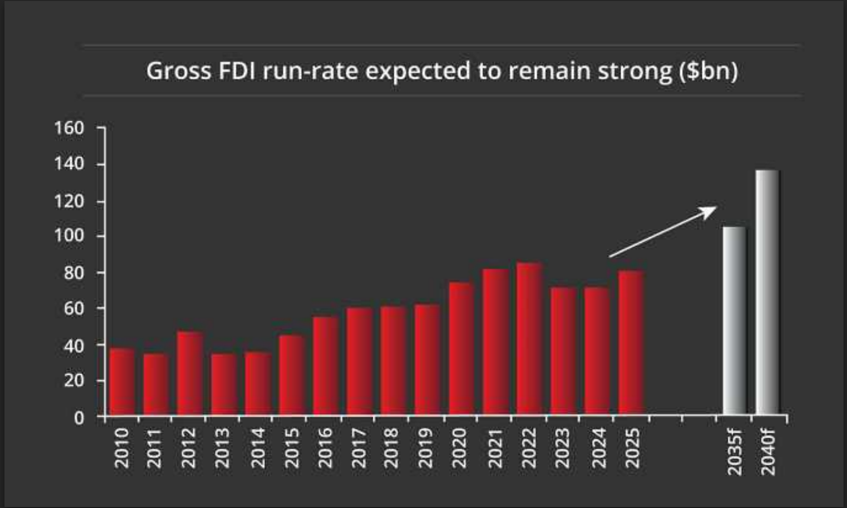
The Group of Seven or G7 countries consists of Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States.

Inflation Within Targets



Source: CEIC, DBS

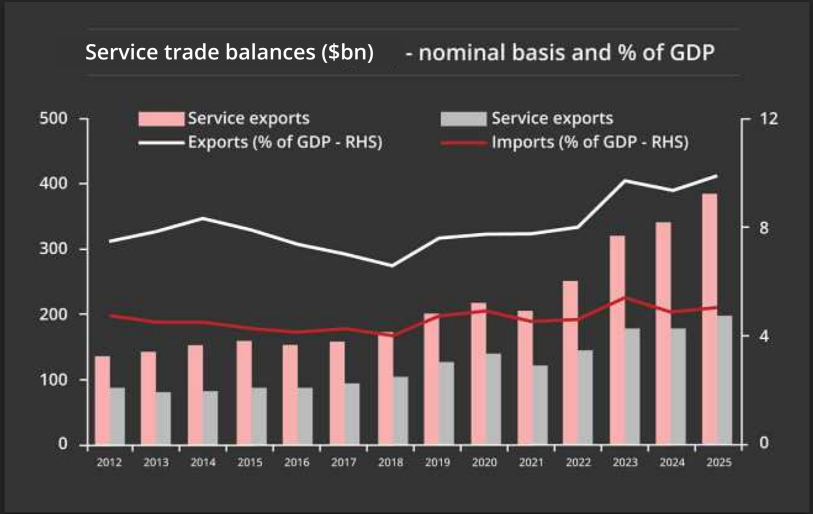
Foreign Direct Investment (FDI) Interests are likely to Stay Strong



Source: CEIC, DBS

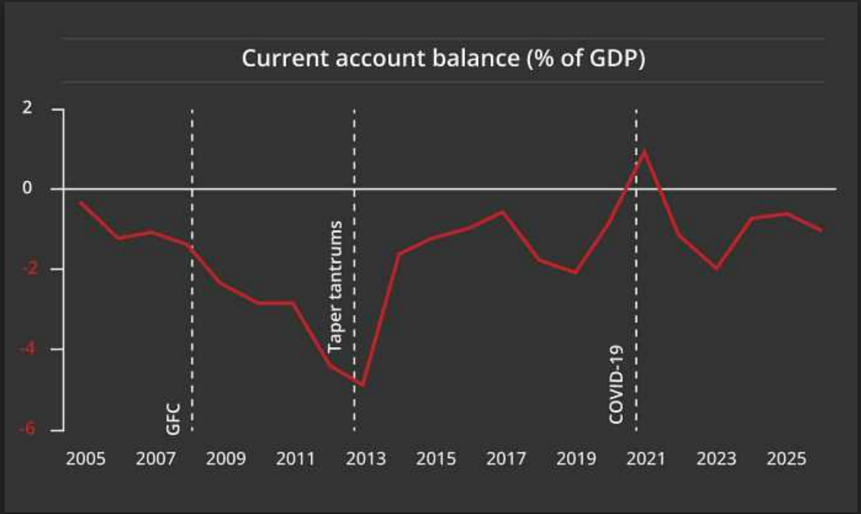
All currency values are in US Dollars (US$), unless otherwise mentioned.

Share of the Total Trade Growth (Goods & Services)



Source: CEIC, DBS

Current Account Deficit Well Below ~2% of the Gross Domestic Product (GDP)



Source: CEIC, DBS

All currency values are in US Dollars (US$), unless otherwise mentioned.

Sectoral Opportunities

In view of recent market developments, there are several key sectoral opportunities worth watching.

India’s Semiconductor Industry

India’s semiconductor sector is transitioning from a design-led ecosystem to an emerging manufacturing base, supported by strong policy incentives and rising investments. This shifts India’s position to be able to play a larger role in global supply chains, with growth that will now hinge on execution, scale, and ecosystem depth.

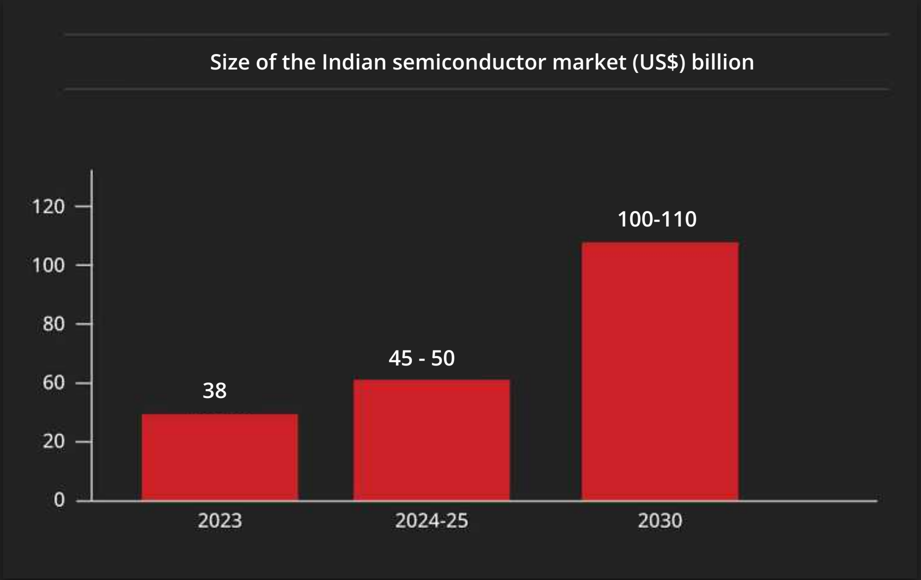
India’s Semiconductor Industry

- India is home to a significant share of the global semiconductor service and design ecosystem, with around 7% of the global semiconductor Global Capability Centre (GCC) workforce based in the country and nearly 20% of global chip design talent located in India.
- Semicon India Programme: A Government of India initiative aimed at building a robust semiconductor and display manufacturing ecosystem in the country, with ~INR 1.6 trillion investment and 10 units approved, including 2 fabs and 8 ATMP/OSAT units.
- Design Linked Incentive: A Government of India scheme that supports domestic semiconductor design companies by providing financial incentives for chip design, prototyping and commercialization; 24 projects approved, with ~INR 9 billion committed and 14 firms raising ~INR 6.5 billion.
- India Semiconductor Mission 2.0 (Budget 2026–27): Focuses on strengthening India’s semiconductor ecosystem across equipment, materials, IP and supply chains.
- Uttar Pradesh Semiconductor Policy 2024: Offers subsidies, cost reimbursements and State Goods and Services tax (SGST) exemptions for up to 10 years.

**Fabs: Fabrication Unit - Facilities that manufacture semiconductor wafers and chips*

ATMP/OSAT - Facilities focused on Assembly, Testing, Marking and Packaging (ATMP) or Outsourced Semiconductor Assembly and Test (OSAT) services for semiconductor chips

All currency values are in US Dollars (US$), unless otherwise mentioned.



Source: Press Information Bureau, Government of India; industry estimates

All currency values are in US Dollars (US$), unless otherwise mentioned.

List of 10 semiconductor projects approved as of September 2025

SN	Company/Project	Location	Planned Investment (USD hundred mn)
1	Micron Technology (ATMP)	Gujarat	27.5
2	TATA-PSMC fab	Gujarat	103.1
3	TSAT (Tata) Assam	Assam	30.6
4	CG Power & Industrial Solutions (OSAT)	Gujarat	8.6
5	Kaynes Semicon (OSAT)	Gujarat	3.7
6	HCL-Foxconn JV (display driver)	UP	4.2
7	SiCSem (SIC compound semicon)	Odisha	2.3
8	3D Glass Solutions (3DGS)	Odisha	2.2
9	CDIL (Continental Device)	Punjab	0.1
10	ASUP Technologies (APACT Partnership)	Andhra Pradesh	5.3

Major Opportunities in India

Labour costs	Supply chain efficiency	Emerging ecosystem
Lower labour costs reduce manufacturing expenses, especially in assembly and testing	Proximity to Asia, Europe, and the Middle East lowers logistics costs and lead times	Investment in R&D, infrastructure, and skills improves long-term cost competitiveness

Incentive Coverage

Semiconductor Fab	Display Fab	Compound Semiconductors	Design Linked Incentive (DLI)
Offers fiscal support of up to 50% of project cost	Offers fiscal support of up to 50% of project cost; focuses on increasing display fabrication capacity	50% capex support for compound semiconductors, silicon photonics, sensors, discrete semiconductors, and packaging	Design incentives up to 50% of eligible expenditure and deployment incentives (6%–4%) on net sales over five years

Renewable Energy

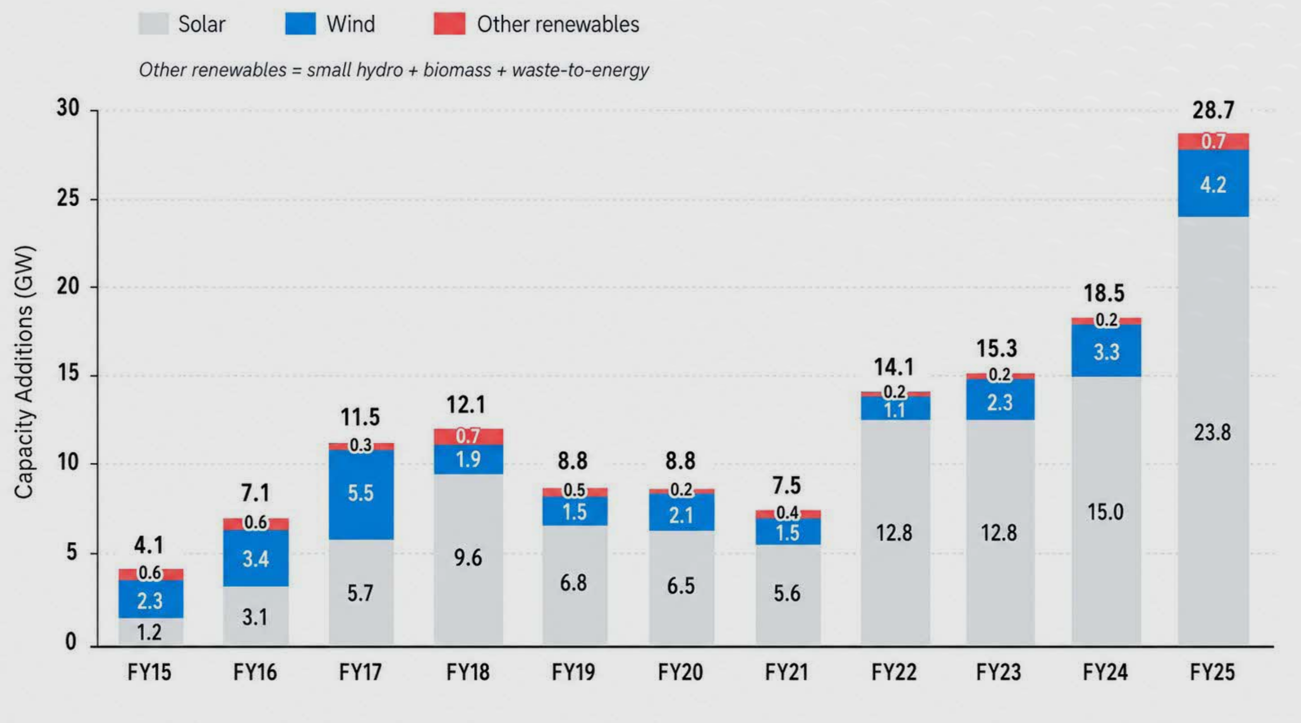
India’s renewable energy (RE) sector is entering a scale-up phase, driven by strong policy support, rising investments, and expanding capacity additions. Sustaining this growth will depend on strengthening transmission infrastructure, improving financing access, and addressing integration challenges.

Budget FY27 Push

- Significant budgetary increase towards Ministry of New and Renewable Energy (MNRE)
- Rooftop solar push via PM Surya Ghar: Muft Bijli Yojana, a Government of India scheme to support rooftop solar adoption by enabling up to 300 units of free electricity per month, for 10 million households.
- Carbon Capture and Industrial Decarbonisation towards Carbon Capture, Utilisation, and Storage (CCUS) technologies.
- Customs duty exemptions for select clean-energy inputs and equipment, including capital goods for battery energy storage systems, sodium antimonate used in solar glass manufacturing, critical mineral processing equipment, and imports required for nuclear power projects.
- Nuclear Energy Expansion

Strong transmission infrastructure required to integrate RE supply	**Mega projects underway**	**Financing ecosystem continues to improve**	**Challenges need to be addressed**	**Support via government schemes**

India: Installed Renewable Energy Capacity (MW) (Excluding Large Hydro Power)



Source: Ministry of New and Renewable Energy (MNRE) documents

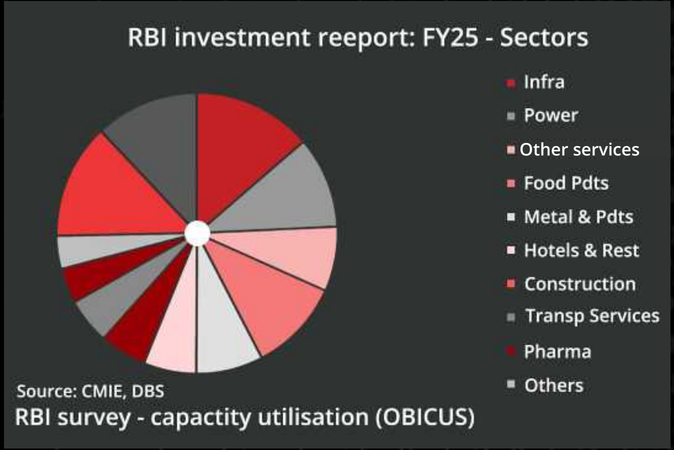
Production Linked Incentive (PLI) Push/Manufacturing Focus

India’s manufacturing push remains anchored in legacy sectors, but PLI incentives are accelerating a gradual shift toward new-age industries and import substitution. Sustained capex momentum and trade linkages will be critical to translate capacity build-up into export competitiveness and global integration.

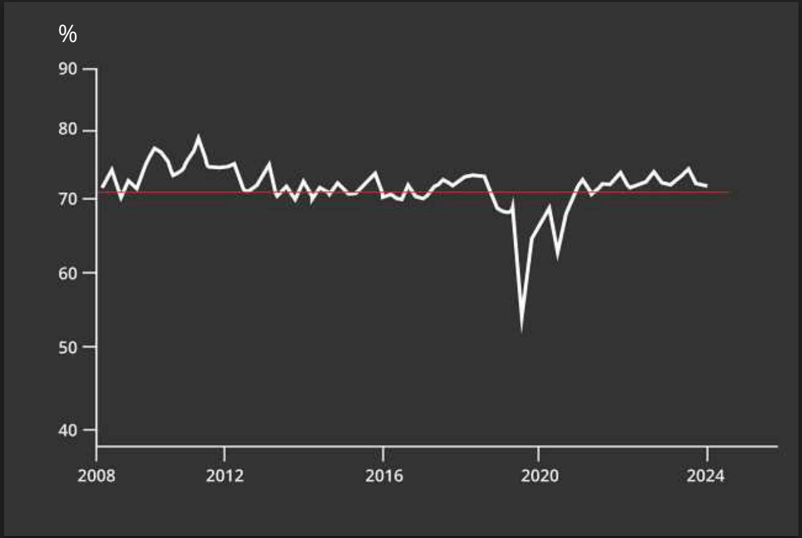
PLI Push/ Manufacturing Focus

- Industrial capex investments are dominated by traditional/ legacy sectors, including O&G, cement, chemicals, metals & mining etc.
- Share of new age sectors including EV, semiconductors, solar PV, electronics, drones - part of which have PLI support, etc are likely to increase, with most sectors being import intensive at this juncture.
- Defence manufacturing is also expected to emerge as a key capex opportunity.
- Trade agreements with non-US trading partners are also expected to jumpstart investment and technology collaboration.
- Manufacturing capacity expansions are expected to support export growth, as higher domestic production in sectors such as electronics, EVs, semiconductors and defence can help India serve both domestic demand and global supply chains.

Reserve Bank of India (RBI) investment report: FY25 - Sectors



RBI Survey - Capacity Utilisation (OBICUS**)



***MeitY = Ministry of Electronics and Information Technology*

***OBICUS stands for Order Books, Inventories and Capacity Utilisation Survey. Conducted quarterly by the Reserve Bank of India (RBI), it is a vital economic barometer that evaluates demand, production, and capacity constraints within India's manufacturing sector*

All currency values are in US Dollars (US$), unless otherwise mentioned.

FY27 Budget: Selected PLI Allocations (INR Billion)*

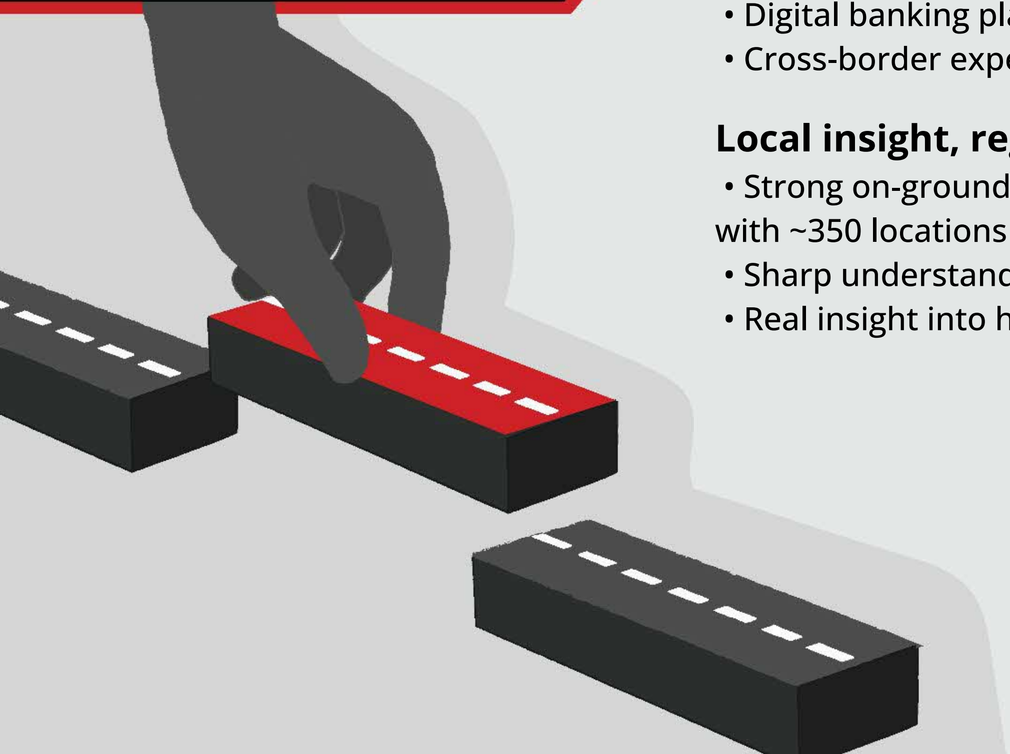
Heads	FY25	FY26 (RE)	FY27 (BE)
PLI - MeiTY**	57.6	70.0	15.3
PLI - Pharma	24.3	24.9	25.0
PLI - White Goods (ACs and LED lights)	2.1	3.0	10.0
PLI - Auto and auto components	3.3	20.9	59.4

Source: 2026-27 Budget documents, DBS

**The table shows budgetary allocations for selected Production Linked Incentive schemes across FY25, FY26 revised estimates and FY27 budget estimates. It highlights increased allocation towards key manufacturing-linked sectors such as electronics, white goods, and auto components, reflecting the government's continued focus on scaling domestic manufacturing capacity.*

Landing your business in India?

HOW **DBS** CAN HELP?



End-to-end banking for businesses

- Current accounts, cash management, trade and FX
- Lending and working capital solutions
- Digital banking platforms designed for speed and scale
- Cross-border expertise for India, Singapore and global corridors

Local insight, regional strength

- Strong on-ground presence in India, backed by deep roots across Asia with ~350 locations across 19 Indian states.
- Sharp understanding of local regulatory nuances
- Real insight into how business operates on the ground

Beyond banking: Your ecosystem, activated

Entering India is never just about banking. It’s about getting the basics right, quickly.

Through our ecosystem-led approach, DBS helps connect businesses to trusted partners across:

- Company incorporation & secretarial services
- Legal and regulatory advisory
- GST, taxation, and compliance support
- Payroll, HR, and operational setup
- Industry networks and growth enablers
- Accounting, audit, and reporting

About DBS

DBS is a leading financial services group in Asia with a presence in 19 markets. Headquartered and listed in Singapore, DBS is in the three key Asian axes of growth: Greater China, Southeast Asia, and South Asia. The bank's "AA-" and "Aa1" credit ratings are among the highest in the world. In 2025, CRISIL Ratings reaffirmed its ‘CRISIL AAA/Stable’ rating on the corporate credit facility of DBS Bank India Ltd (DBIL). The rating on the certificate of deposits programme was also reaffirmed at ‘CRISIL A1+’.

As a bank that is born and bred in Asia, DBS understands the intricacies of doing business in the region’s most dynamic markets. DBS Bank has been present in India for more than 30 years, opening its first office in Mumbai in 1994. DBS Bank India Limited is the first among the large foreign banks in India to start operating as a wholly owned, locally incorporated subsidiary of a leading global bank. As a trusted partner, DBS provides a range of banking services for large, medium, and small enterprises and individual consumers in India, focusing on a seamless customer experience that helps them ‘Live more, Bank less’.

In November 2020, Lakshmi Vilas Bank was merged with DBS Bank India Limited. DBS Bank India is now present in ~350 locations in 19 Indian states.

Ready to begin?

Explore how DBS can support your India expansion

from banking to beyond.

Visit DBS India