



MONTHLY TRADE & INVESTMENT NEWSLETTER

Trade and Investment Promotion Services TIPS

Connecting Investors. Enabling Trade. Driving India's Growth.

SEPTEMBER 2026

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President's Message

Mr. Nirmal Kumar Minda, President, ASSOCHAM

August delivered a stronger set of numbers: merchandise exports rose 26.12 per cent to USD 43.81 billion, the fifth consecutive month of double-digit growth, and the overall trade deficit narrowed to USD 9.41 billion from USD 11.62 billion a year earlier. Equally significant is the Reserve Bank's confirmation that April–June 2026 brought the strongest quarter of gross FDI in fifteen years, with manufacturing the largest recipient sector. Through Trade & Investment Promotion Services, ASSOCHAM is committed to converting this momentum into on-the-ground outcomes for our members by connecting investors with States, helping exporters use the new preferential access under recent FTAs, and carrying industry's voice on trade facilitation to Government.

Senior Vice-President's Message

Mr. Amitabh Chaudhry, Senior Vice-President, ASSOCHAM

The capital-account story of August is one of returning confidence. Net FDI turned positive again in June, the FCNR(B) facility has mobilised over USD 72 billion, foreign exchange reserves stand above USD 700 billion and the Taxation and Other Laws (Amendment) Act, 2026 gives foreign portfolio investors statutory certainty on Government securities through the coming decade. For India's financial sector, these are the preconditions for deeper, more liquid markets that can fund the next phase of manufacturing and infrastructure investment. ASSOCHAM will continue to work with RBI, SEBI and the Ministry of Finance so that ease of investing keeps pace with ease of doing business, particularly for MSME exporters, for whom affordable trade finance remains the binding constraint.

Secretary General's Message

Mr. Saurabh Sanyal, Secretary General, ASSOCHAM

This newsletter gives our members a single, evidence-based view of India's external sector each month — trade, the policy and regulatory changes that shape them, and what the States are doing to attract capital. August was a very month: Parliament enacted eleven laws, DGFT operationalised inventory-based e-commerce exports, the MSME Development (Amendment) Act brought mandatory TReDS routing for receivables, and the Mines and Minerals amendment clarified State levies for investors. ASSOCHAM's Global Research & Strategy Centre to look forward to the more ease of doing business for MSMEs, and TIPS stands ready to assist members and international partners with State-level facilitation, investor readiness and market-access support as India moves towards its 2030 export and investment goals.

Merchandise Exports Surge 26.12% to USD 43.81 Billion in August; Overall Trade Deficit Narrows to USD 9.41 Billion

Export momentum accelerated further in August 2026: merchandise exports rose 26.12% year-on-year to USD 43.81 billion (from USD 34.74 billion), the fifth consecutive month of double-digit growth, according to provisional data released by the Ministry of Commerce & Industry on 15 September. Merchandise imports rose to USD 70.67 billion but fell sharply from July's USD 76.22 billion, narrowing the merchandise deficit to USD 26.86 billion from USD 31.98 billion in July and USD 27.20 billion a year earlier. With services exports estimated at USD 38.87 billion, total exports reached USD 82.68 billion (+25.4%) and the overall trade deficit narrowed to USD 9.41 billion from USD 11.62 billion in August 2025. Commerce Secretary Rajesh Agrawal noted that 68 of 168 principal commodities recorded both volume and value growth, with electronics, engineering, chemicals and marine products leading and exports to China, Singapore, South Africa and Malaysia rising sharply. For April–August, merchandise exports grew 17.9% to USD 215.91 billion.

Source: Ministry of Commerce & Industry / PIB

The month's key developments

- **Investment:** the RBI's August Bulletin confirmed a decisive turnaround — gross inward FDI of USD 30.7 billion in April–June 2026 (a 15-year quarterly high) and net FDI of USD 7.8 billion against USD 4.8 billion a year earlier; net FDI in June was positive at USD 1.3 billion, reversing May's marginal net outflow. Outward FDI commitments rebounded to USD 5.71 billion in July (+16.7% YoY).
- **Legislation:** Parliament's Monsoon Session (20 July–13 August) enacted 11 laws, four bearing directly on trade and investment — the Taxation and Other Laws (Amendment) Act (FII exemption on G-Secs; electronics contract-manufacturing and bonded-warehouse exemptions to FY2040-41), the MSME Development (Amendment) Act (mandatory TReDS), the Mines and Minerals (D&R) Amendment Act and the Tribunals Reforms Act.
- **Trade policy:** DGFT operationalised the inventory-based cross-border e-commerce export framework (5 Aug) and shifted EPM interest subvention to EXIM Bank (7 Aug); the four-year wheat export ban was lifted (24 Aug); export levies on diesel and ATF were cut; the EU was recognised under the Medical Devices Rules; the India–UK CETA completed its first month in force.
- **Cabinet & RBI:** GOBARdhan compressed-biogas scheme (Rs 23,731 crore, 6 Aug); 410 km of rail multitracking and NH-22 four-laning in Bihar (19 Aug); repo rate held at 5.25% with FY27 growth raised to 6.7% (5 Aug).
- **Macro:** Q1 FY27 GDP grew 7.8% (31 Aug), well above consensus; July IIP +6.7%; CPI at a 19-month high of 4.45%; forex reserves at a four-month high of USD 707 billion on FCNR(B) inflows of USD 72.8 billion.
- **States:** Tamil Nadu signed Rs 1.02 lakh crore of MoUs; Odisha drew Rs 66,392 crore of proposals; Delhi cleared a draft EoDB Bill; Andhra Pradesh was reported at 25.3% of all investment proposals announced in India in 2026.

1. Trade Snapshot — August 2026

1.1 Monthly trade — August 2026

Indicator (USD bn)	Aug 2026	Aug 2025	YoY change
Merchandise exports	43.81	34.74	+26.12%
Merchandise imports	70.67	61.96	+14.06%
Merchandise trade deficit	26.86	27.20	Narrowed by 0.34
Services exports (estimated)	38.87	31.19	+24.6%
Services imports (estimated)	21.42	15.59	+37.4%
Total exports — goods + services	82.68	65.93	+25.4%
Total imports — goods + services	92.09	77.55	+18.8%
Overall trade deficit — goods + services	9.41	11.62	Narrowed by 2.21

1.2 Cumulative — April–August FY27

Indicator (USD bn)	Apr–Aug FY27	Apr–Aug FY26	YoY change
Merchandise exports	215.91	183.21	+17.85%
Merchandise imports	363.00	307.09	+18.21%
Merchandise trade deficit	147.09	123.88	Widened by 23.21
Total exports (goods + services)	399.27	~345.6	~+15.5%
Total imports (goods + services)	459.65	~389.5	~+18.0%
Overall trade deficit	60.38	~43.9	Widened by ~16.4

1.3 Drivers and destinations

- **Momentum:** five consecutive months of double-digit growth (April +14.2%, May +18.6%, June +15.5%, July +19.6%, August +26.1%); August exports eased marginally from July's record USD 44.24 bn but imports fell USD 5.5 bn month-on-month, narrowing the merchandise deficit by USD 5.1 bn.
- **Volume-led, not just price:** of 168 principal commodities, 68 recorded growth in both volume and value. In April–August, electronic goods exports rose ~30%, engineering goods >20%, organic & inorganic chemicals 14% and marine products >14%; gems & jewellery exports rose 3.14% to USD 2.30 bn in August, with studded gold jewellery +51.2%.
- **Markets:** the US remained the largest destination at USD 42.79 bn in April–August (+6.17%), followed by the UAE (USD 13.59 bn) and China (USD 9.61 bn, +38.7%); exports to Singapore rose >97%, South Africa 58% and Malaysia >75%; BRICS exports +13.3% to USD 34.5 bn.
- **Imports:** energy (petroleum, crude, coal/coke) and electronic goods remained the main contributors to the deficit; imports from China rose to USD 65.49 bn in April–August (from USD 51.56 bn), with Russia second at USD 41.44 bn. Gold imports had rebounded to USD 4.16 bn in July; the August commodity break-up was awaited at release.
- **Policy backdrop:** August measures supporting exporters — wheat export ban lifted (24 Aug), diesel/ATF export levies cut, EXIM Bank interest-subsidy transition, inventory-based e-commerce export framework — and the India–UK CETA's first full month in force.

Source: Ministry of Commerce & Industry (15 Sep 2026), Commerce Secretary's media briefing; GJEPC; DGFT.

2. Trade Policy, DGFT & Customs

DGFT operationalises inventory-based e-commerce exports

Following DPIIT Press Note 3 (2026), which permits inventory-based e-commerce exclusively for exports, DGFT inserted the Inventory-based Cross-border E-Commerce Facilitation Framework into FTP 2023 and the HBP with immediate effect. Foreign-funded platforms may hold export inventory of Indian-made goods through a separate entity registered as Exporter-on-Record (ANF-9A), which takes on documentation, customs, destination-country compliance, fulfilment and reverse logistics for Indian Sellers-on-Record. Inventory only against confirmed overseas orders; EOR pays the SOR within seven days; digital repository linking procurement, GST and export records; annual CA/CMA-certified compliance certificate within 90 days of year-end; returned goods cannot be sold domestically.

Source: DGFT; Ministry of Commerce & Industry

EXIM Bank replaces RBI for EPM interest subvention

Effective 1 April 2026, EXIM Bank manages the portal, verification and monthly claim settlement for Interest Subvention Support on pre- and post-shipment export credit under the Export Promotion Mission (Niryat Protsahan). Lending banks pass the subvention upfront to eligible MSME exporters and claim reimbursement from EXIM Bank within the per-IEC annual ceiling; supplementary January–March 2026 claims stay with the RBI.

Source: DGFT Trade Notice 17/2026-27

Four-year ban on wheat exports lifted

DGFT moved wheat, durum wheat and wheat-flour products (atta, maida, semolina) from ‘prohibited’ to ‘free’ with immediate effect, after record production of 120.65 million tonnes in 2025-26 and FCI stocks of nearly 49 million tonnes left farmgate prices depressed — reversing the May 2022 ban and reopening a significant agri-export line.

Source: DGFT; Department of Food & Public Distribution

DoC seeks Zonal DCs’ views on NFE treatment of SEZ-to-SEZ / EOU supplies

The SEZ Section asked all Zonal Development Commissioners whether payments for supplies under Rule 53A(f) of the SEZ Rules are received in convertible currency or INR, and whether INR receipts count toward recipient units’ positive Net Foreign Exchange — a clarification with direct bearing on SEZ units supplying domestic value chains. DGFT separately invited TRQ applications under the India–Oman CEPA for FY 2026-27.

Source: Department of Commerce (SEZ Section)

EU recognised under Medical Devices Rules; India–UK CETA completes first month

The Health Ministry amended Rule 63 of the Medical Devices Rules, 2017 to add the European Union to the list of stringent regulatory jurisdictions whose clearance waives clinical-investigation requirements for devices without a predicate (alongside the US, UK, Australia, Canada and Japan). Separately, the India–UK CETA, in force since 15 July, recorded more than 50 zero-duty consignments worth over USD 140 million on its first day alone.

Source: Ministry of Health & Family Welfare; Department of Commerce

3. Legislation, Tax & Cabinet

Taxation and Other Laws (Amendment) Act, 2026

Replacing the June Ordinance, the Act exempts FII (and the BIS) from tax on interest and capital gains on Government securities; extends exemptions for contract-manufacturing arrangements in specified electronic goods (mobiles, laptops, tablets, servers, sub-assemblies, hearables/wearables, accessories) to 31 March 2041; exempts foreign companies' income from components held in customs-bonded warehouses for supply to electronics contract manufacturers, and from rough-diamond sales in notified special zones, to the same date; rationalises the eligible fund-manager safe harbour (5% cap, four-month cure); raises the surcharge on specified SPVs from 10% to 25%; and delinks the fee-free digital-payments framework from the Income-tax Act. Passed by the Lok Sabha on 6 August and the Rajya Sabha on 12 August.

Source: Ministry of Finance; Lok Sabha / Rajya Sabha

MSME Development (Amendment) Act, 2026

Replaces the 2006 framework with a national digital platform for voluntary, free MSME registration; mandates routing of specified MSME receivables through TReDS; tightens dispute-resolution timelines, strengthens enforcement of Facilitation Council awards and introduces graded penalties. Passed by the Rajya Sabha (3 Aug) and Lok Sabha (7 Aug). Buyers and MSME suppliers should prepare for the TReDS mandate.

Source: Ministry of MSME

Cabinet approves GOBARdhan bioenergy scheme, Rs 23,731 crore

Running FY2026-27 to FY2035-36, the scheme integrates assured offtake, stable pricing, capital assistance, pipeline connectivity, credit support and technology development into one platform for the CBG value chain, targeting a near ten-fold rise in domestic production. The Cabinet also approved a four-lane highway from Baihata Chariali, Assam.

Source: PIB

CCEA clears 410 km of rail multitracking and NH-22 four-laning in Bihar

Four multitracking projects across eight districts in West Bengal, Odisha, Tamil Nadu and Andhra Pradesh add about 410 km to the network; the Muzaffarpur–Sitamarhi–Sonbarsa section of NH-22 will be four-laned under HAM at Rs 3,590.73 crore, improving connectivity to the India–Nepal border.

Source: PIB

RBI holds repo at 5.25%; FY27 growth forecast raised to 6.7%

The MPC held the repo rate for a third consecutive meeting, raised its FY27 real GDP projection to 6.7% (from 6.6%) and lowered its CPI projection to 5.0% (from 5.1%). Minutes (19 Aug) recorded one member arguing for a future rate increase, with July CPI at a 19-month high of 4.45%.

Source: Reserve Bank of India

4. States Developments

Tamil Nadu signs 104 MoUs worth Rs 1.02 lakh crore at investment conclave

Commitments of Rs 1,02,514 crore with over 1.21 lakh projected jobs — data centres (Rs 26,417 crore), automobiles (Rs 17,073 crore) and renewables (Rs 15,787 crore) led; an L&T MoU spans electronics, data centres and shipyards, and seven institutional MoUs were signed with partners from Kazakhstan, New Zealand and Russia. Over Rs 40,700 crore is earmarked for projects outside the four core districts.

Source: Government of Tamil Nadu

Odisha: Rs 66,392 crore of proposals from roadshow; SLSWCA clears Rs 2,780 crore

Investor meetings following Odisha Food Pro 2026 yielded proposals worth Rs 66,392 crore, including discussions with Haier as a potential anchor for a white-goods manufacturing ecosystem; the 149th State Level Single Window Clearance Authority approved 14 projects across ten districts.

Source: Government of Odisha

Uttar Pradesh and Japan launch ₹3,191 crore manufacturing projects

Uttar Pradesh and Japan moved beyond investment dialogue to projects on the ground as Escorts Kubota and Minda Corporation held a virtual ground-breaking ceremony for projects worth a combined ₹3,191 crore, with potential employment of more than 10,000 people, at the UP–Japan Investment Meet 2026 in New Delhi. The projects coming up at YEIDA underline the growing depth of Japanese manufacturing engagement in Uttar Pradesh and provide an anchor for the proposed Japanese City near Noida International Airport.

Source: Invest UP; UPSIDA; Ministry of Railways

Delhi Govt Clears Ease of Doing Business Bill, Proposes Single-Window System For Faster Approvals

The Delhi Cabinet has approved the Delhi Ease of Doing Business Bill, 2026, proposing major changes to the process of obtaining approvals, registrations, licences and clearances required to set up and operate businesses in the Capital. The Bill will now be sent to the Union Ministry of Home Affairs for approval. The proposed legislation aims to reduce regulatory and compliance burdens through a technology-driven, time-bound and transparent system.

Source: Government of NCT of Delhi; Government of Maharashtra

West Bengal's new industrial policy to prioritise investments in sectors with strong demand for ancillary units

West Bengal government is all set to finalise its new industrial policy by this month, insiders from the state secretariat of Nabanna said that the priority in the proposed new industrial policy will be on sectors having strong demand for small support businesses, which are popularly and technically referred to as ancillary industries.

Source: Government of West Bengal; Telangana Today

Parliamentary panel calls for periodic third-party evaluation of ease-of-doing-business measures

The Parliamentary Standing Committee on Commerce has asked the Department for Promotion of Industry and Internal Trade (DPIIT) to undertake periodic third-party evaluations of the ease-of-doing-business reforms undertaken by the government recently. Such evaluation can assess the on-ground impact of such reforms on businesses, the Committee wanted the Department to also strengthen its regulatory compliance portal by integrating real-time grievance redressal and performance metrics. Such a measure will ensure effective implementation of compliance reforms at the ground level.

Source: Parliamentary Standing Committee on Commerce

5. Events & International Updates

Events, delegations & opportunities

Commerce Minister leads largest-ever trade delegation to Singapore and Japan

Shri Piyush Goyal pitched India as a destination for data-centre investment and indicated a framework to exempt the high-tech sector from certain existing restrictions; Japanese financial institutions voiced long-term confidence while flagging currency volatility.

Source: Ministry of Commerce & Industry

International updates

UNCTAD Global Trade Update: goods trade reaches USD 13.7 trillion in H1 2026

Goods trade rose 12.5% and services 10.5% in the first half of 2026, adding about USD 2 trillion and putting the year on course for a record; a significant share reflects higher prices — Strait of Hormuz disruption lifted energy, transport and logistics costs, with traded-goods prices up about 3.6% in Q1 and ~5% in Q2. East Asia led an uneven expansion; excluding it, South–South trade contracted in Q1.

Source: UN Trade and Development (UNCTAD)

Vietnam launches first free trade zone in Hai Phong; Da Nang FTZ progresses

Hai Phong announced the 5,300-hectare Special Economic Zone (AI, robotics, big data, chemicals, R&D) and the 20,000-hectare Southern Coastal Economic Zone master plan, and launched the Hai Phong Free Trade Zone combining manufacturing, port-logistics, commercial and service areas under favourable tax, customs and financial policies; 13 investment certificates were awarded, with LG Innotek's USD 1 billion project the first licensed. Da Nang's 1,881-hectare FTZ had one site under construction by August with three further infrastructure projects approved.

Source: VnEconomy, Da Nang People's Committee

Egypt approves free zone for Fujairah Alamein

Egypt's cabinet approved a special freezone for Fujairah Alamein Oil and Gas Company on its north coast. The 737.9k-sqm zone will store and trade crude oil and petroleum products in New Alamein City, close to the Al Hamra Port expansion zone. All products from the zone will be exported.

Source: Enterprise (UAE), Emirates Free Zones News

Independence Day: manufacturing first among seven 'Saptadhara' growth engines

The Prime Minister noted that three semiconductor plants have begun production, with seven to eight more expected within one to two years, and urged MSMEs to use India's FTA network to expand exports of textiles, machinery, pharmaceuticals and seafood.

Source: PIB

About ASSOCHAM

The Associated Chambers of Commerce and Industry of India (ASSOCHAM), established in 1920, is one of India's apex trade associations, representing the interests of trade and industry across the country through its network of member chambers, corporates and MSMEs. Over more than a century ASSOCHAM has served as the voice of Indian industry in policy consultations with the Central and State Governments, regulators and multilateral institutions, working across sectors that span manufacturing, infrastructure, financial services, agriculture, technology and services. ASSOCHAM's National Councils, State Councils and international chapters engage in policy advocacy, research, capacity building and business facilitation, with a mission to support inclusive, sustainable and globally competitive growth for Indian enterprise.

ASSOCHAM Global Research & Strategy Centre

The Global Research & Strategy Centre (GRSC) is ASSOCHAM's in-house think tank. It produces economic research, policy analysis and industry intelligence that inform ASSOCHAM's representations to Government and the decisions of its members — including the weekly ASSOCHAM India Monitor (AIM), the monthly Ease of Doing Business Newsletter, sectoral data briefs on IIP, PMI, core industries and auto retail, and thematic studies on PLI, Ease of Doing Business, public-private partnerships and State competitiveness. Trade & Investment Promotion Services (TIPS), established on 29 July 2026, is GRSC's flagship facilitation platform connecting investors, businesses and government institutions, with a mission to help facilitate annual investments of USD 100 billion into India and to support USD 1,000 billion of annual merchandise exports and USD 500 billion of annual services exports by 2030.

Trade & Investment Promotion Services

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