18 JULY 2026

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ASSOCHAM India Monitor

(AIM Weekly)

--------------- **Vol. 4/Issue 3** ---------------

A comprehensive weekly tracker of India's macroeconomic indicators

GDP GROWTH

INFLATION

INDUSTRIAL OUTPUT

- Top Economic Developments
- State Developments
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Top Economic Developments

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India–UK CETA Enters into Force: India's Most Significant Western Trade Deal

The India–UK Comprehensive Economic and Trade Agreement (CETA), signed on 25 July 2025, officially entered into force on 15 July 2026 — India's sixth operational FTA and its first-ever bilateral trade deal with a European or Western country. PM Modi described it as a "significant moment" that translates diplomatic ambition into tangible opportunity. The agreement liberalises 99% of UK tariffs and 90% of Indian tariffs, and is forecast to increase bilateral trade by £25.5 billion annually and raise UK GDP by £4.8 billion and India's GDP by £5.1 billion a year in the long run.

Govt amends trade policy, bans import of goods produced with forced labour

The Union government has amended its Foreign Trade Policy (FTP), 2023, to prohibit the import of goods that are produced, either wholly or partly, through the use of forced labour. The change was notified by the Directorate General of Foreign Trade (DGFT) through a gazette notification dated July 13, 2026. The new provision will take effect 30 days after its publication in the official gazette. Under the amended policy, the central government may issue a notification at any time to ban the import of particular goods if an inquiry or other relevant evidence shows that they have been produced using forced labour.

India, EU textile bodies launch platform to support FTA implementation

The Confederation of Indian Textile Industry (CITI) and the European Apparel and Textile Confederation (EURATEX) have come together to establish a bilateral industry platform to support the effective and balanced implementation of the India-EU Free Trade Agreement (FTA) for the textile and apparel sector. The CITI-EURATEX initiative — the EU-India Textile and Apparel Dialogue (TAD) — will provide a structured forum for dialogue between industry representatives to promote reciprocal market access, resilient value chains, industrial competitiveness, and sustainable growth. The formal signing of the TAD mandate between CITI and EURATEX, along with the first meeting of the joint CITI-EURATEX monitoring committee established under the TAD framework, took place at Bharat Tex 2026 in New Delhi.

Cabinet Decisions

Cabinet approves 6 lane Greenfield Elevated Corridor & Ramps/Loops & Foot Over Bridge between National Highway-19 and Varanasi Ring Road in UP

The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi has approved the development of a Link/Connector Corridor between NH-19 and the Varanasi Ring Road with riverbank connectivity along the River Ganga for the decongestion of Varanasi City in Uttar Pradesh. The 46.039 km project, comprising a six-lane elevated main carriageway, an iconic cable-stayed bridge, an extradosed Foot Over Bridge-cum-Major Bridge, loops, ramps, link roads and service roads, will be implemented under the Hybrid Annuity Model (HAM) at a total capital cost of Rs.14,447.64 crore including a civil construction cost of Rs.6,037.85 crore (including utility shifting, excluding GST) and a land acquisition cost of Rs.541.11 crore under NH(O).

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Cabinet Decisions

Cabinet approves National Investment Policy for Urea-2026

he Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi, has approved the proposal of the Department of Fertilizers on National Investment Policy for Urea-2026 for Atmanirbhar Bharat (NIPU-2026). The policy will encourage new investments in the Urea sector for setting up the gas based Urea manufacturing units in the country. This will help in the achieving the goal of self-sufficiency. Further, the key changes in comparison to NIP-2012 includes the separation of fixed and variable costs for greater transparency, introduction of a viable Return on Equity (RoE) band with a floor at 12% and a ceiling at 16%, and mitigation of foreign exchange risk through conversion of fixed cost into INR after four years based on prevailing exchange rates.

Cabinet approves two multitracking projects covering Four Districts across Odisha and Jharkhand, increasing the existing network of Indian Railways

The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi, today has approved 02 (Two) projects of Ministry of Railways with total cost of Rs.3,907 crore (approx.). The increased line capacity will significantly enhance mobility, resulting in improved operational efficiency and service reliability for Indian Railways. These multi-tracking proposals are poised to streamline operations and alleviate congestion..

Cabinet approves Semicon 2.0 - Government delivers on its commitment for a long-term policy support to Semiconductors in India

The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has approved the Semicon 2.0 for the development of India's semiconductor design and manufacturing ecosystem, with a total budget outlay of Rs.1,27,500 crore. Recognising the requirement for a sustained and long-term support to Semiconductor sector in India and also to build on the momentum generated under Semicon1.0, Semicon 2.0 aims to further the Government's commitment towards putting our country on the semiconductor map of the world.

Cabinet approves Mobile Phone Manufacturing Scheme (MPMS)

The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has approved the Mobile Phone Manufacturing Scheme (MPMS) with a budgetary outlay of Rs 62,500 crore (Rupees Sixty-Two Thousand Five Hundred Crore Only). During the scheme tenure, the cumulative mobile phone production in the country is expected to reach approximately Rs 39,00,000 crore with significant increase in exports of mobile phones. The Scheme is also expected to generate around 60,000 direct jobs thereby contributing to economic growth, employment generation and strengthening India's position in global electronics manufacturing hub

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16 Sardar Vallabhbhai Patel Employment & Industrial Zones to be Developed In UP

The Uttar Pradesh government formally moved into implementation mode on its Sardar Vallabhbhai Patel Employment and Industrial Zone (SVPEIZ) project on 16 July, with official confirmation that 16 SVPEIZ centres will be developed across the state in the first phase under a hub-and-spoke model covering 9 regional zones. The centres will be distributed across implementing agencies — 5 under the MSME Department, 5 under UPSIDA, 2 under UPEIDA, 2 under YEIDA, and one each under Greater Noida Authority and GIDA.

MP Attracts ₹40,000 Crore Investment Proposals At Tech Growth Conclave; MoU Signed With Google Play For Collaboration In AI

Madhya Pradesh received investment proposals worth around Rs 40,000 crore at the MP Tech Growth Conclave 3.0 held on Monday. The proposed investments are expected to generate more than 34,000 jobs, with Spain's Submer Group announcing an AI-ready data centre in Bhopal at an investment of around Rs 19,000 crore. Chief Minister Mohan Yadav said the previous two editions of the conclave had attracted proposals worth Rs 46,000 crore.

Chhattisgarh CM Flags Off 'Bhawna Didi Ki Science Pathshala' — Mobile AI & Robotics Lab for Rural Students

Chhattisgarh Chief Minister Vishnu Deo Sai on 15 July flagged off the 'Bhawna Didi Ki Science Pathshala' — a Mobile Emerging Technology Lab — from the State Assembly premises. The lab, operated as a science laboratory on wheels, will travel to schools across the state to teach Artificial Intelligence, robotics, drones, aeromodelling, IoT, coding, and 3D printing to 11th and 12th grade students.

West Bengal rolls out investment push under new government

West Bengal has secured over Rs 28,000 crore in investment commitments recently. Chief Minister Suvendu Adhikari is actively promoting industrial revival and attracting new businesses. Several major Indian corporations are planning substantial expansions and new projects within the state. Japanese conglomerate Mitsubishi is also considering a semiconductor manufacturing unit in West Bengal. The government aims to improve ease of doing business and restore investor confidence.

Mitsubishi keen on setting up semiconductor plant in Bengal: Minister

West Bengal's Industry, Commerce and Enterprises Minister Tapas Roy has said that Japanese conglomerate Mitsubishi has expressed interest in setting up a semiconductor manufacturing plant in the state. The government has stepped up efforts to position the state as the preferred investment destination in eastern India, he said. Speaking at an interactive session organised by the Merchants' Chamber of Commerce & Industry (MCCI), Roy said a delegation from Mitsubishi met him earlier in the day and conveyed its willingness to establish the proposed semiconductor unit in the state.

Top Statistics

Merchandise Exports Up 15.5% to $40.41 Billion; Trade Deficit Widens to 5-Month High of $30.43 Billion

India's merchandise trade deficit widened by about 59% year-on-year to $30.43 billion in June 2026, as imports grew at a faster pace than exports. Merchandise exports rose 15.5% year-on-year to $40.41 billion from $34.98 billion a year ago. However, merchandise imports increased at a sharper pace of about 31% to $70.84 billion from $54.08 billion during the same period. Crude and petroleum product imports rose by over 40%, contributing significantly to the higher import bill, while fertiliser imports also jumped sharply reflecting strong domestic demand and elevated global prices.

India's inflation accelerates to 4.38% in June, exceeding forecasts

India's consumer price inflation rose to 4.38% in June 2026, up from 3.93% in May, as the US–Iran war and a weak monsoon raised food and fuel prices, adding to cost pressures. The headline number was above economists' expectations of 4.30%. The year-on-year inflation rate based on the All India Consumer Food Price Index stood at 5.32%. Food inflation under CFPI stood at 5.32% while fuel and power inflation remained elevated at 27.41% in June, although it eased from 30.3% in May.

Residential Real Estate H1 2026 — 1.71 Lakh Units Sold; Premium Homes (₹1 Crore+) Now 54% of Sales

India's residential market recorded sales of 1,71,471 units across eight major cities in H1 2026 (January–June), a marginal 0.7–1% increase over H1 2025, according to Knight Frank India data released at a virtual press conference this week. The headline number masks a significant structural shift: premium homes costing more than ₹1 crore now account for 54% of all sales — up from around 38% three years ago — reflecting deepening wealth concentration and aspirational upgrading among urban buyers. Mid-income and affordable housing shrunk to 46% of sales. Mumbai remained the most expensive residential market at ₹36,881 per sq ft, followed by Delhi at ₹26,027 and Gurugram at ₹18,354 per sq ft.

OECD Cuts India FY27 GDP to 6.3% — Most Conservative Among All Major Multilateral Forecasters

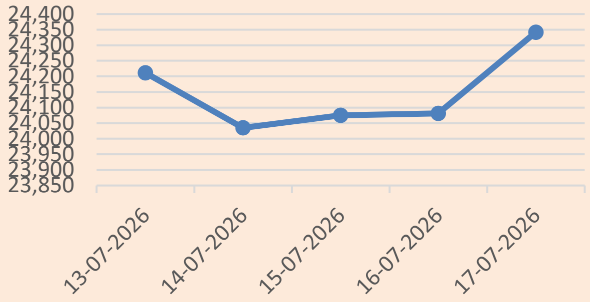
The OECD's July 2026 economic snapshot released on 15 July projects India's real GDP growth at 6.3% for FY2026-27 and 6.4% for FY2027-28. This is the most conservative FY27 forecast among all major multilateral institutions: IMF at 6.4% (released 9 July), ADB at 6.6% (released 9 July), World Bank at 6.5%, and OECD at 6.3%. The OECD's FY27 inflation forecast for India stands at 4.8% — below ADB's 5.2% but above the IMF's implied trajectory.

WPI inflation hits a series-high at 9.9% in June

The wholesale price inflation (WPI) rate based on the 2022-23 series rose to its highest at 9.87 per cent in June from 9.68 per cent in May, as a broadbased pickup in prices of food and primary articles more than offset a moderation in energy costs, according to the data released by the Ministry of Commerce and Industry on Tuesday.

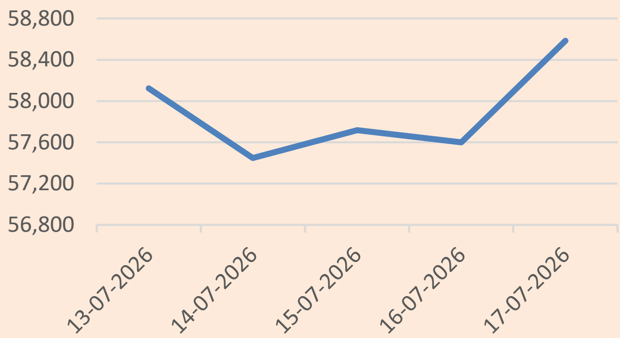
Weekly Market Mood

NIFTY 50



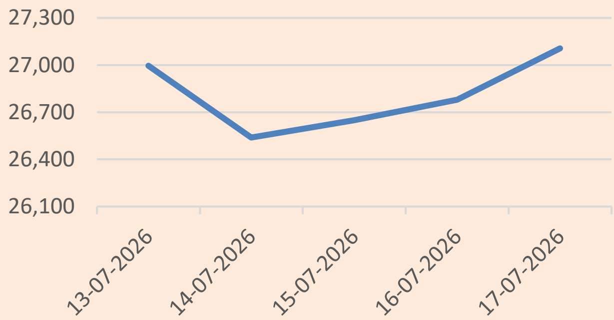
The Nifty 50 index witnessed a broadly positive week, opening at 24,212 on Monday and closing the week at 24,342 — a net weekly gain of approximately 130 points or 0.54%. The index touched a weekly low of 24,035 on 14 July amid concerns over the CPI breaching the RBI's 4% target and a widening trade deficit, before recovering steadily through 15 and 16 July on the back of strong IT earnings from TCS and HCLTech and positive sentiment following the India-UK CETA entry into force.

NIFTY BANK



The Nifty Bank index remained range-bound for most of the week, opening at 58,124 on 13 July before dipping to a weekly low of 57,448 on 14 July — a fall of 676 points — as markets digested the CPI inflation print breaching the RBI's 4% midpoint target for the first time in 17 months, raising concerns over the interest rate trajectory. The recovery was supported by expectations that the RBI is unlikely to hike rates immediately given that inflation remains within the 2–6% tolerance band, alongside anticipation of healthy Q1 FY27 bank earnings with strong credit growth of 17.44% year-on-year.

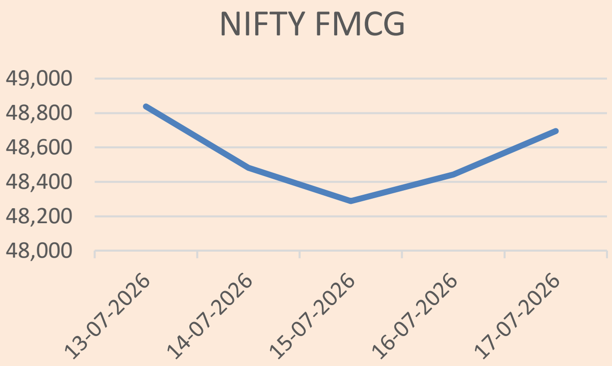
NIFTY AUTO



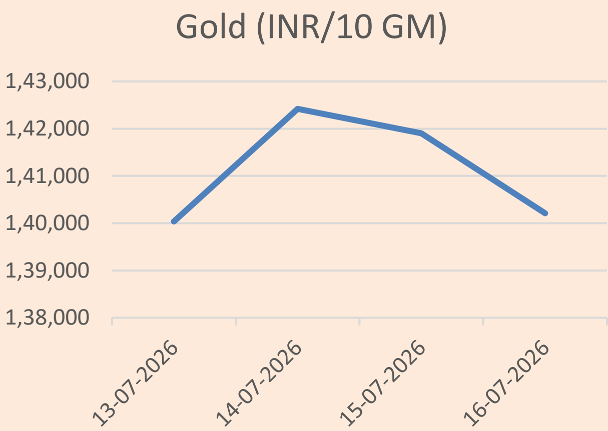
The index saw a mid-week dip to 26,539 on 14 July amid broader market weakness and concerns over rising input costs with WPI at a fresh all-time high of 9.87%, before recovering sharply through 15, 16, and 17 July. Sentiment in the auto sector was supported by India's EV penetration rising to 6.6% in May 2026, the India-UK CETA enabling duty-free access for auto components to the UK market, and expectations of strong Q1 FY27 passenger vehicle sales data.

Date	USD (INR / 1 USD)	GBP (INR / 1 GBP)	EUR (INR / 1 EUR)	JPY (INR / 100 JPY)
17/07/2026	96.3665	129.8323	110.3384	59.3500
16/07/2026	96.3172	130.3673	110.4421	59.4000
15/07/2026	96.2219	129.0746	110.0798	59.3300
14/07/2026	96.1138	128.3750	109.4557	59.2000
13/07/2026	95.8336	128.2953	109.3030	59.0700

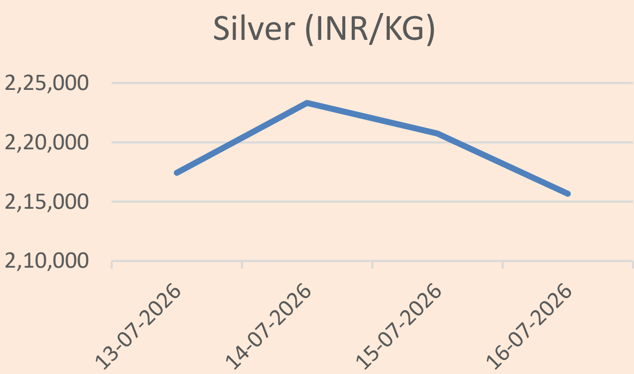
Weekly Market Mood



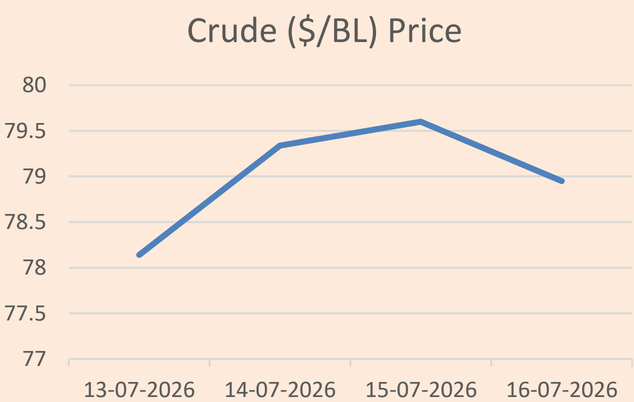
The cautious sentiment in FMCG reflects the twin headwinds of food inflation at 5.32% under CPI and WPI food inflation at 6.14% — both rising sharply in June — which raise input cost concerns for FMCG companies even as rural demand recovers. Investors remained watchful of Q1 FY27 FMCG earnings, particularly volume growth guidance, given that the monsoon deficit is only now recovering from a 43% deficit in late June to 12% in early July.



The sharp mid-week peak on 14 July coincided with the release of WPI inflation at a fresh all-time high of 9.87% and ongoing geopolitical tensions in West Asia, which drove safe-haven demand. The subsequent softening toward ₹1,40,209 by 16 July reflected a partial pullback as crude oil prices stabilised and broader risk sentiment improved on the back of strong IT earnings. Gold prices remain near historic highs in rupee terms, underpinned by the depreciation of the rupee against the US dollar and sustained global uncertainty.



The spike on 14 July was driven by the dual release of CPI and WPI data reinforcing inflation concerns and heightened industrial metal demand signals, while the correction through 15 and 16 July reflected profit-booking and a moderation in global silver prices. Silver's sharper volatility relative to gold during the week reflects its dual role as both a safe-haven and an industrial metal — with solar panel and EV battery demand expectations remaining a key underlying support.



Crude oil prices remained in a relatively narrow range of $78.14–$79.60 per barrel during the week, reflecting a tentative stabilisation after weeks of elevated volatility driven by the West Asia conflict and US-Iran tensions. Prices opened at $78.14 on 13 July, rose steadily to $79.60 on 15 July — a two-day gain of $1.46 — before easing marginally to $78.95 on 16 July. The sustained levels above $78 per barrel remain well above the FY26 average and continue to put significant pressure on India's crude import bill, which rose over 40% year-on-year in June 2026.

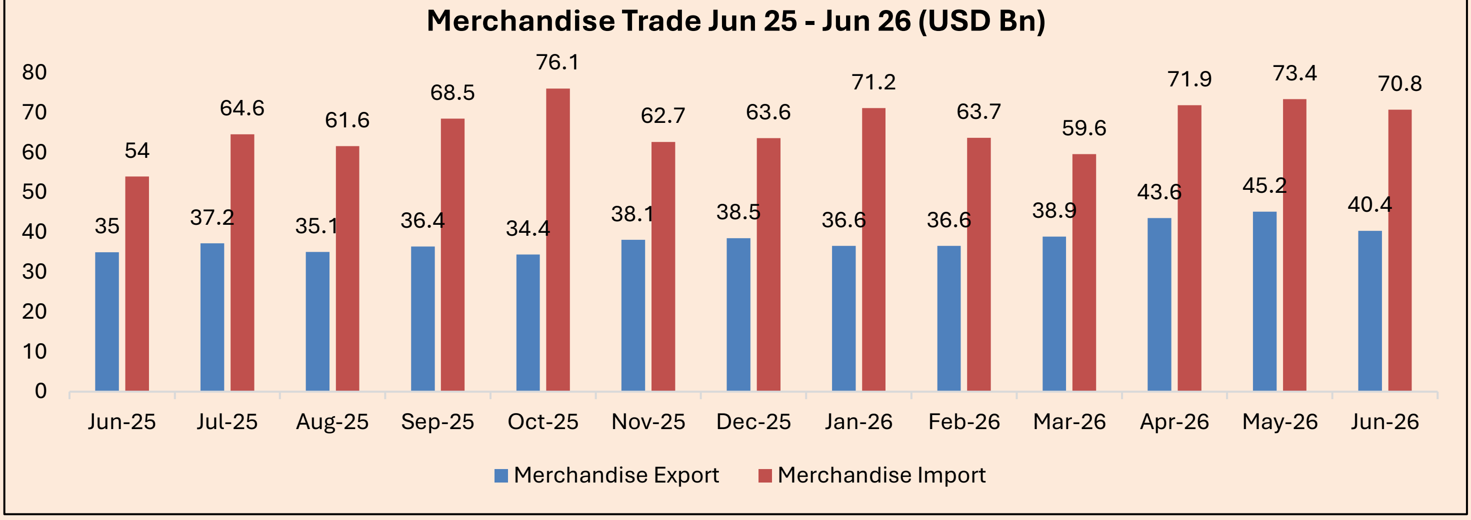
India's Total Exports Grew at 9.5% in June 2026

Trade Between June 2025 and June 2026

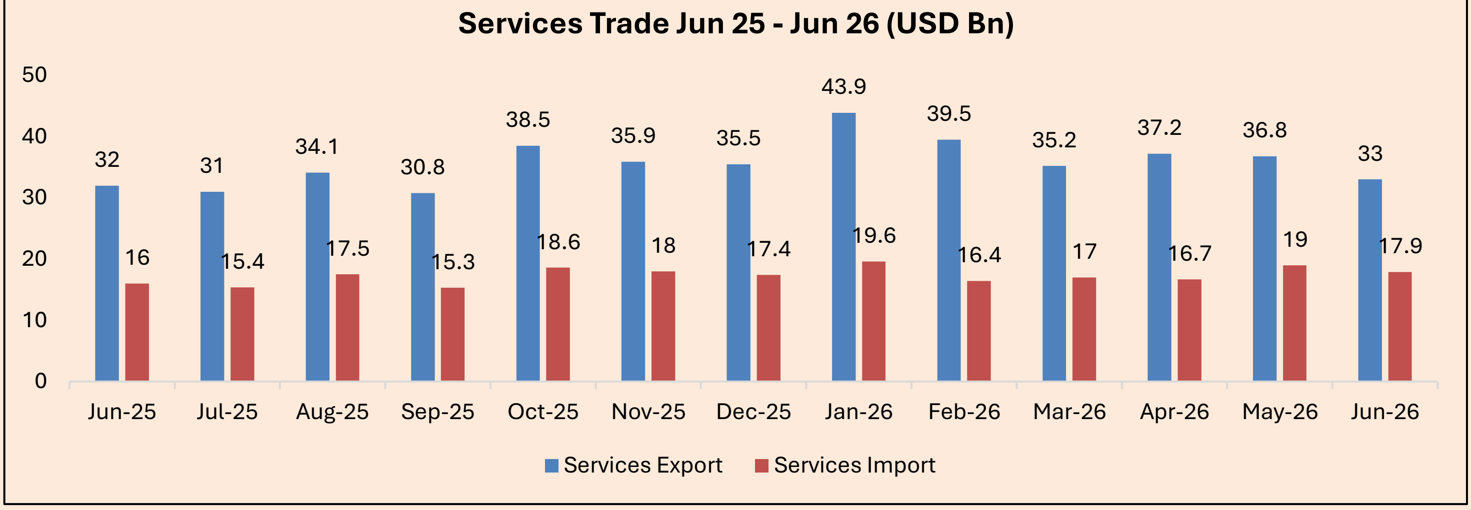
India's merchandise exports in June 2026 reached USD 40.41 billion, up from USD 34.98 billion in June 2025. Merchandise imports during June 2026 stood at USD 70.84 billion, compared to USD 54.08 billion in the same month last year.

During April-June 2026-27, merchandise exports totaled USD 129.32 billion, compared to USD 111.57 billion during April-June 2025-26. Merchandise imports during April-June 2026-27 were USD 216.18 billion, up from USD 180.31 billion in the corresponding period of 2025-26.

The main contributors to merchandise export growth in June 2026 were Engineering Goods, Petroleum Products, Electronic Goods, Drugs & Pharmaceuticals, Organic & Inorganic Chemicals, Gems & Jewellery, Readymade Garments of all Textiles, etc.



(**Source: MoCI**)



*(**Source:** MoCI)*

India's Total Exports Grew at 9.5% in June 2026

India's total exports (merchandise and services combined) in June 2026 are estimated at USD 73.45 billion, recording a growth of 9.48% compared to June 2025. Total imports (merchandise and services combined) in June 2026 are estimated at USD 88.76 billion, reflecting a growth of 26.85% over June 2025.

Table 1: India's Trade in USD Billion (Nearest Decimal)

Particulars		Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
Total	Export	68.0	68.3	69.2	67.2	72.9	74.0	74.0	80.5	76.1	74.1	80.8	81.9	73.5
	Import	71.5	80.0	79.0	83.8	94.7	80.6	80.9	90.8	80.1	76.6	88.6	92.5	88.7
Total Trade		137.1	148.3	148.2	151.0	167.6	154.6	155.0	171.3	156.2	150.7	169.4	174.4	162.2

(**Source:** MoCI)

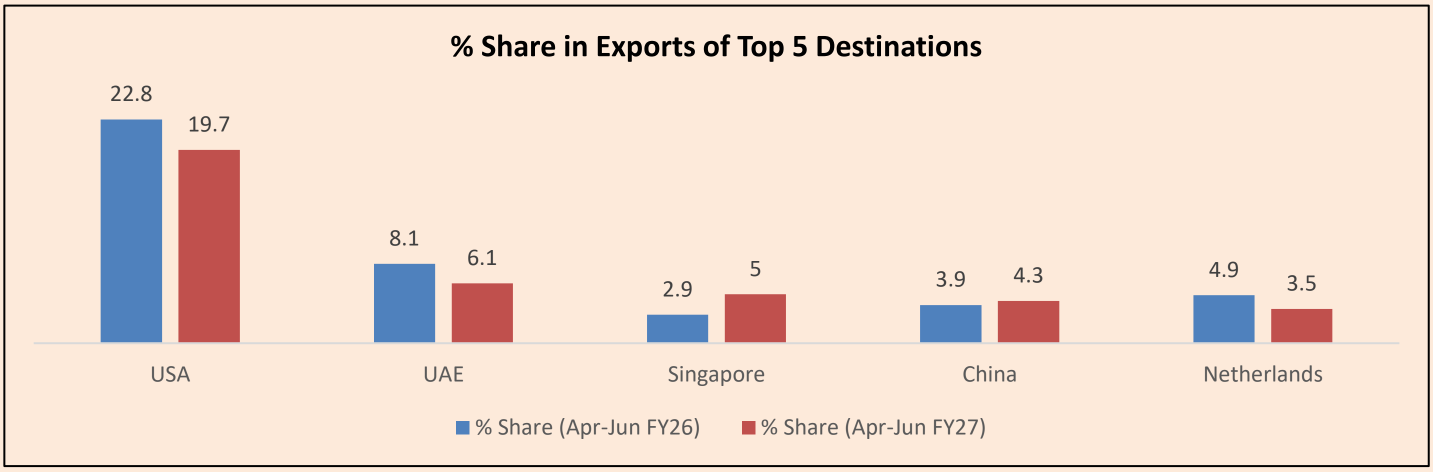
Sectoral Trend in Exports & Imports June 2026 over June 2025

In June 2026, exports of Other Cereals (244.29%), Handicrafts Excl. Hand Made Carpet (59.69%), Meat, Dairy & Poultry Products (54.63%), Iron Ore (49.97%), Gems & Jewellery (34.64%), recorded the highest growth rates compared to June 2025.

Imports of Project Goods (-85.44%), Silver (-73.62%), Pearls, Precious & Semi-Precious Stones (-16.83%), Chemical Material & Products (-12.13%), and Vegetable Oil (-2.58%) recorded negative growth during June 2026 over June 2025.

Top 5 Export Destinations (Apr - Jun)

The USA remained India's largest export destination, although its share declined from 22.8% to 19.7%. The UAE and the Netherlands also recorded lower shares. Meanwhile, Singapore's share increased from 2.9% to 5.0%, while China's share rose marginally from 3.9% to 4.3%.

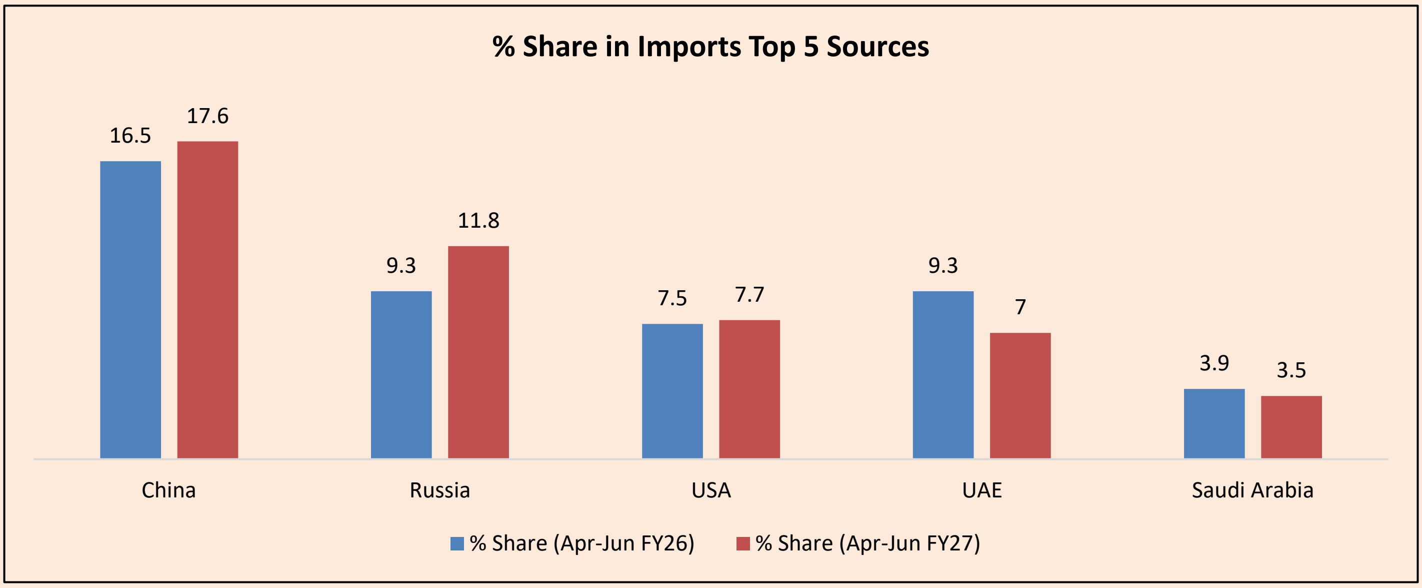


(**Source:** MoCI)

India's Total Exports Grew at 9.5% in June 2026

Top 5 Import Sources (Apr - Jun)

China remained India's largest import source, with its share increasing from 16.5% to 17.6%. Russia and the USA also recorded gains. In contrast, the UAE's share declined from 9.3% to 7.0%, while Saudi Arabia's share decreased slightly from 3.9% to 3.5%.

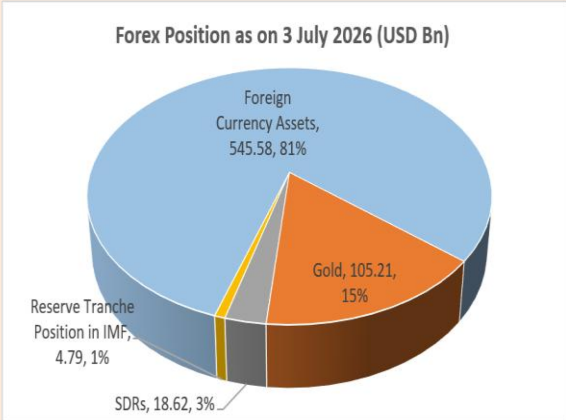


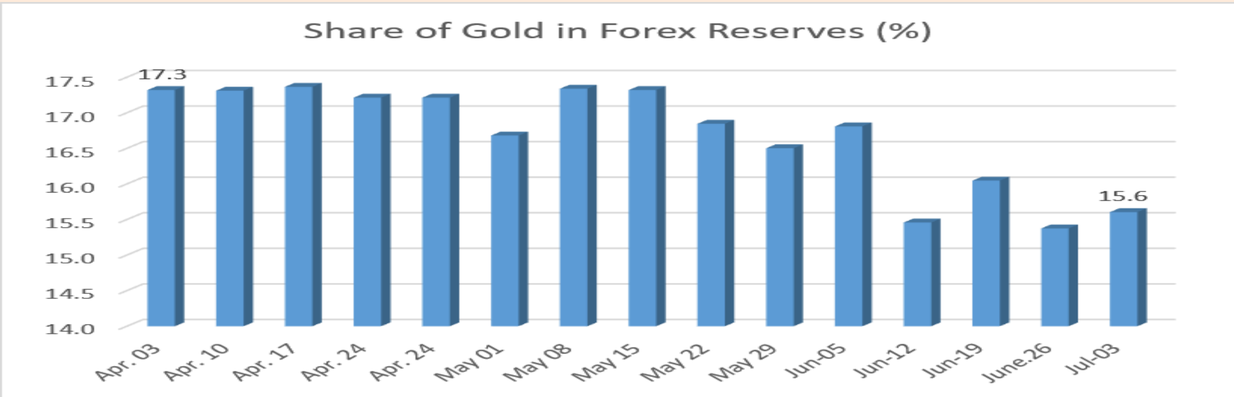
(**Source:** MoCI)

India's Foreign Exchange Reserves Stood At USD 674.19 Billion

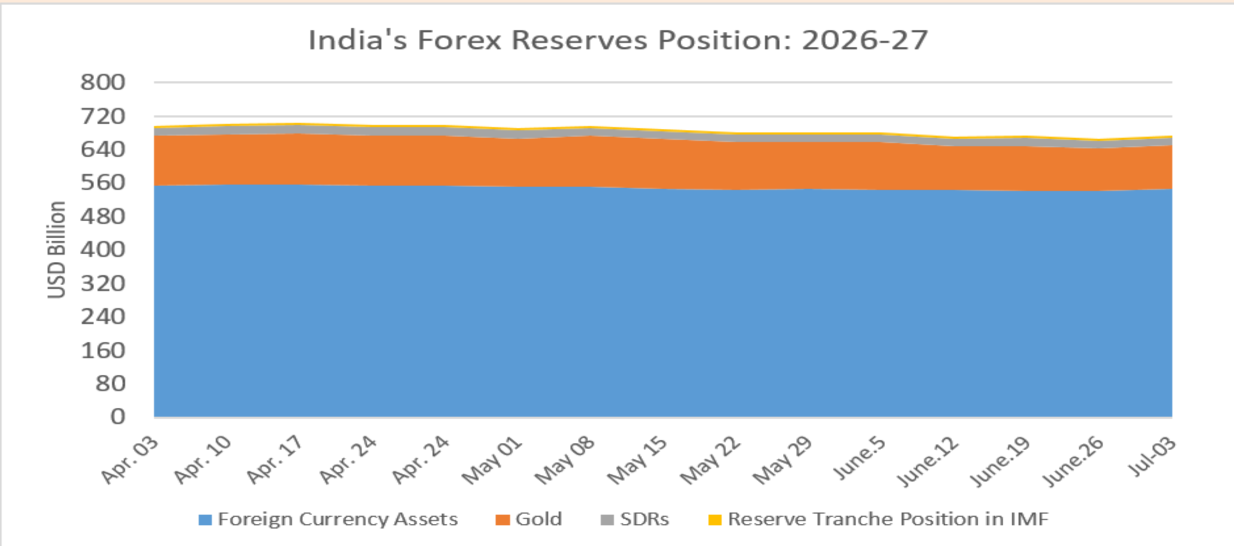
ASSOCHAM Perspective

- India's Forex reserves as on 3 July 2026 stood at USD 674.19 billion registering an increase of USD 7.26 billion compared to last week.
- Foreign currency assets which constitute a major part of forex reserves stood at USD 545.58 billion up by USD 4.5 billion.
- Gold, the second largest component recorded a value of USD 105.21 billion up by USD 2.66 billion.
- All the components of forex reserves registered an increase in the week ending 3 July 2026 including SDR and reserve position in IMF as compared to last week.





The share of Gold in India's forex reserves has registered a decline from April till date from 17.3% to 15.6%



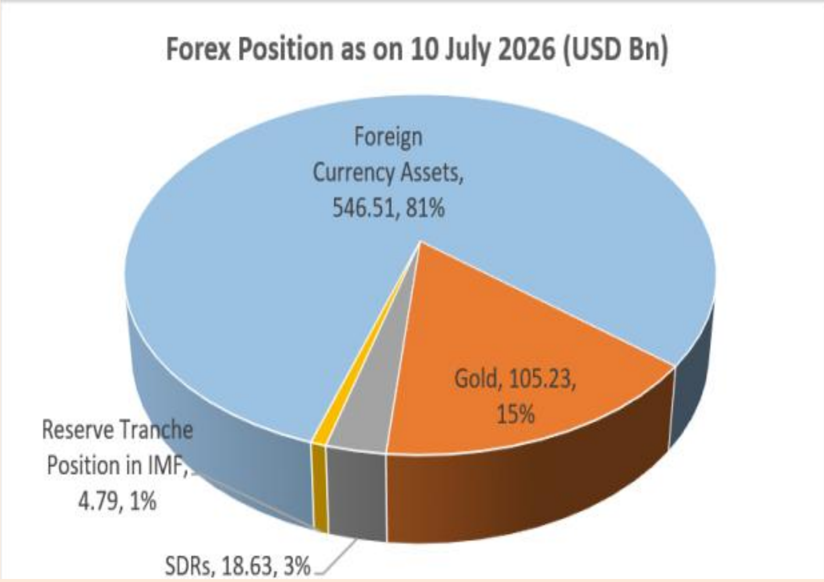
India's Foreign Exchange Reserves Stood At USD 674.19 Billion

INDIA'S FOREIGN EXCHANGE RESERVES STOOD AT USD 675.16 BILLION

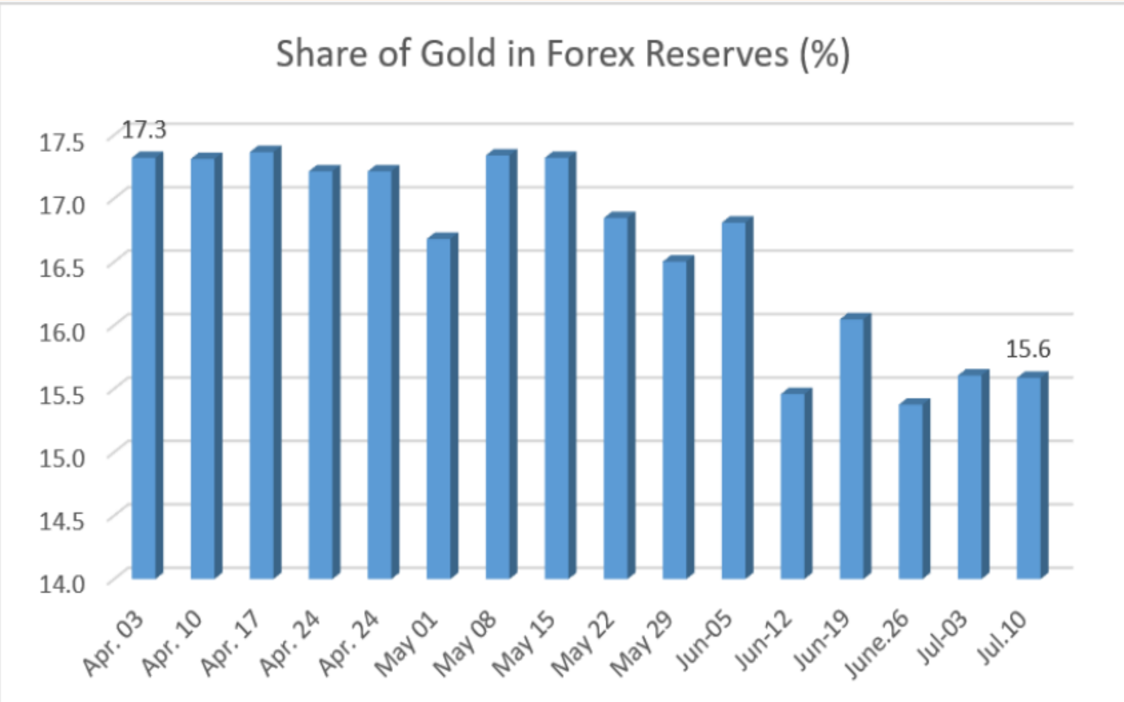
India's Forex reserves as on 10 July 2026 stood at USD 675.16 billion registering an increase of USD 0.96 billion compared to last week.

• Foreign currency assets which constitute a major part of forex reserves stood at USD 546.51 billion up by USD 0.93 billion.

• Gold, the second largest component recorded a value of USD 105.23 billion up slightly.

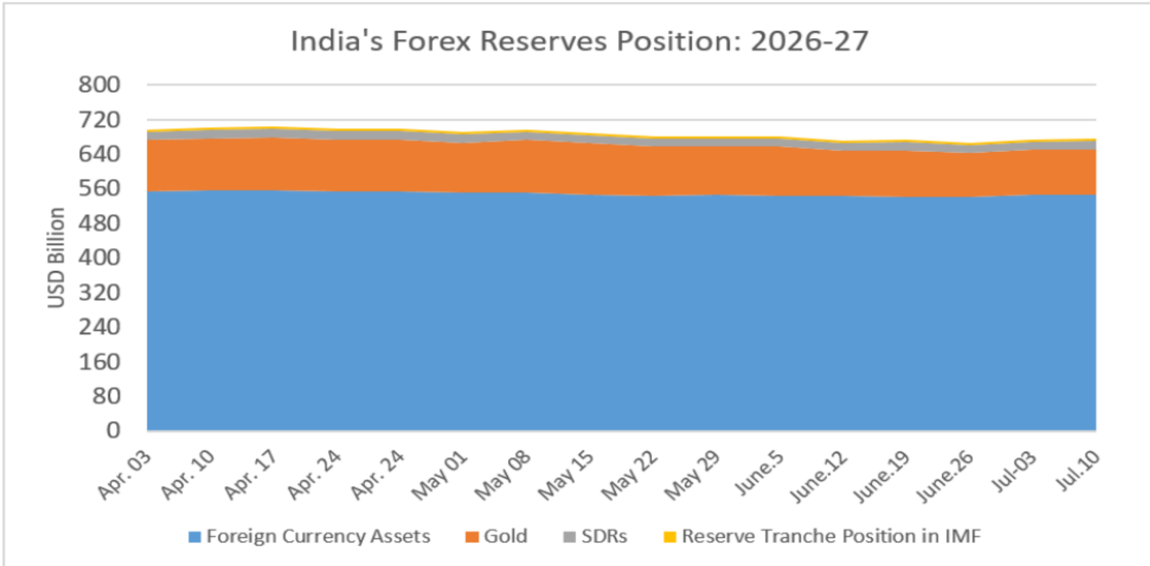


• All the components of forex reserves registered slight increase in the week ending 10 July 2026 including SDR and reserve position in IMF as compared to last week.



The share of Gold in India's forex reserves has registered a decline from April till date from 17.3% to 15.6%.

India's Foreign Exchange Reserves Stood At USD 674.19 Billion



India's Forex Reserves and Components (USD Billion)

As on	Total Reserves	Foreign Currency Assets	Gold	SDRs	Reserve Tranche Position in IMF
Apr. 03	697.12	552.86	120.74	18.71	4.82
Apr. 10	700.95	555.98	121.34	18.76	4.86
Apr. 17	703.31	557.46	122.13	18.84	4.87
Apr. 24	698.49	554.62	120.24	18.77	4.86
Apr. 24	698.49	554.62	120.24	18.77	4.86
May 01	690.69	551.83	115.22	18.79	4.86
May 08	696.99	552.39	120.85	18.87	4.88
May 15	688.89	545.90	119.32	18.82	4.85
May 22	681.38	543.03	114.79	18.75	4.82
May 29	682.32	546.15	112.60	18.75	4.83
June.5	681.61	543.44	114.58	18.77	4.83
June.12	671.63	544.29	103.82	18.70	4.82
June.19	672.59	541.22	107.93	18.65	4.79
June.26	666.93	541.07	102.54	18.56	4.77
July.3	674.19	545.58	105.21	18.62	4.79
July 10	675.16	546.51	105.23	18.63	4.79

(Source: RBI)

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