Association for Global Economic Development-India

Corporate Office: A/111, Mittal Court, Nariman Point, Mumbai -India 400 021.


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# EU GSP suspension likely to hit India exports: GTRI


*India faces a significant setback in the European Union market from January 1, 2026. The EU has suspended Generalised Scheme of Preferences benefits for 87 percent of Indian exports. This move will lead to higher import tariffs on goods like textiles. The suspension coincides with the EU's Carbon Border Adjustment Mechanism.*

The European Union (EU) has suspended export benefits under its **Generalised Scheme of Preferences** (GSP) for several sectors, including textiles, effective January 1, 2026, a move expected to hit India's shipments to the 27-nation bloc, according to the think tank **Global Trade Research Initiative** (**GTRI**).

Under the GSP, Indian exporters enjoyed reduced tariffs compared with the standard Most Favoured Nation (MFN) rates. With the suspension, 87% of India's exports to the EU will now attract higher duties, leaving only around 13% of products—including select agriculture and leather goods—retaining preferential treatment.

To illustrate the impact, an apparel item previously paying 9.6% duty under the GSP will now incur the full 12% tariff. From January 1, India faces a major setback in the EU market, GTRI said, noting that the affected sectors span the backbone of India's exports: minerals, chemicals, plastics and rubber, textiles and garments, stone and ceramics, precious metals, iron and steel, base metals, machinery, electrical goods, and transport equipment.

The EU periodically adjusts GSP benefits, most recently in 2013 and 2023, but this time the concessions have been fully withdrawn for 2026-2028 under Commission Implementing Regulation (EU) 2025/1909, following the bloc's graduation rules, which remove benefits for product groups once exports cross certain thresholds over three consecutive years. While legally justified, the move is expected to have a sharp economic impact, GTRI said.

The development comes just weeks before the likely conclusion of the **India-EU Free Trade Agreement** (FTA), expected around January 27, 2026. (Source: Economics Times)

## IMF upgrades India's 25-26 growth to 7.3% from estimate of 6.6%

### The report projects global growth to remain "resilient" at 3.3% in calendar year 2026 and at 3.2% in 2027, largely the same as the 3.3% estimated for 25.

This upward revision, the IMF said in its January 2026 World Economic Outlook update released on Monday (January 19, 2026), was primarily a reflection of stronger-than-expected growth in the third quarter, and "strong momentum" in the fourth quarter.

"In India, growth is revised upward by 0.7 percentage point to 7.3% for 2025 [FY 2025-26], reflecting the better-than-expected outturn in the third quarter of the year and strong momentum in the fourth quarter," the report said. "Growth is projected to moderate to 6.4 percent in 2026 and 2027 as cyclical and temporary factors wane."

The International Monetary Fund has revised upwards its estimate of India's GDP growth in the current financial year 2025-26 to 7.3% from its earlier prediction of 6.6%.

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The IMF's prediction of 7.3% growth for 2025-26 is just marginally slower than the 7.4% the government of India itself predicted for the year.

For the global economy, the report projects growth to remain "resilient" at 3.3% in calendar year 2026 and at 3.2% in 2027, largely the same as the 3.3% estimated for 2025.

These forecasts entail a small upward revision for 2026 and no change for 2027 as compared with the predictions made in the October 2025 World Economic Outlook (WEO).

(Source: The Hindu)

# India’s FTA

## India-EU FTA critical for export growth, supply-chain resilience, and long-term investment: Industry leaders

Indian industry leaders, policymakers and diplomats have called for an early conclusion of the India–EU free trade agreement, arguing it is vital for boosting exports, strengthening supply chains and attracting long-term investment amid rising global uncertainty. The push gained momentum at a high-level dialogue in New Delhi, following renewed political signals around the FTA after discussions at Davos.

Indian industry leaders, policymakers, and diplomats on Tuesday made a strong and unified case for an early conclusion of the India–European Union Free Trade Agreement (FTA), arguing that the deal is critical for export growth, supply-chain resilience, and long-term investment at a time of rising global uncertainty.

## India close to EU trade pact as US talks drag on

INDIA expects talks on a long-sought trade deal with the European Union to conclude this month, Trade Secretary Rajesh Agrawal said yesterday, in what would be New Delhi’s largest agreement as it seeks new markets amid US tariff pressures.

The deal, under discussion for years, is seen as a chance for both sides to deepen economic ties and cut reliance on China and Russia. Bilateral trade between India and the EU totalled 120 billion euros ($140bn) in 2024, making the bloc India’s biggest trading partner.

Agrawal said the two sides were “very close” to finalising the pact and were exploring whether it could be wrapped up before leaders meet in New Delhi this month.

He said talks on a US trade pact were continuing and a deal would be reached when both sides were ready. Negotiations collapsed last year after a breakdown in communication between the two governments.

The president of the European Council, Antonio Costa, and European Commission President Ursula von der Leyen will visit India on January 25–27 and co-chair an India–EU summit on January 27, India’s foreign ministry said.

If concluded, the deal would open India’s vast and heavily protected consumer market of more than 1.4bn people to European goods and could reshape global trade flows as protectionism rises and a US-India pact remains stalled.

Both sides have been pushing to close a broad agreement after von der Leyen and Indian Prime Minister Narendra Modi agreed to fast-track negotiations in an effort to close a deal in 2025. Talks, relaunched in 2022, gained momentum after US President Donald Trump imposed tariff hikes on trading partners including India.

Brussels has recently signed deals with Mexico and Indonesia and stepped up talks with India, while New Delhi has reached agreements with Britain, Oman and New Zealand.

Some sensitive agricultural items have been excluded from negotiations, an Indian trade ministry official said.

India will not open its agriculture or dairy sectors in any trade pact, officials have said, citing the need to protect millions of subsistence farmers.

The EU is pushing for steep tariff cuts on cars, medical devices, wine, spirits and meat, along with stronger intellectual property rules. India is seeking duty-free access for labour-intensive goods and quicker recognition of its autos and electronics sectors.

Beyond goods, the agreement is expected to expand services trade, investment and cooperation in digital trade, intellectual property and green technologies, as well as spur European investment in Indian manufacturing, renewable energy and infrastructure.

Challenges remain over regulatory alignment and the protection of sensitive sectors. The EU’s carbon border levy, which requires importers to account for emissions in steel, cement and other carbon-intensive products, has started to hit some Indian exports and is a key concern for New Delhi, exporters said.

# International Business

## India proposes linking BRICS digital currencies


***President of Brazil Luiz Inacio Lula da Silva, President of China Xi Jinping, South African President Cyril Ramaphosa, Prime Minister of India Narendra Modi and Russia's Foreign Minister Sergei Lavrov pose during the 2023 BRICS Summit in Johannesburg***

INDIA'S central bank has proposed that BRICS countries link their official digital currencies to make cross-border trade and tourism payments easier, two sources said, which could reduce reliance on the US dollar as geopolitical tensions rise.

The Reserve Bank of India (RBI) has recommended to the government that a proposal connecting the central bank digital currencies (CBDCs) be included on the agenda for the 2026 BRICS summit, the sources said. They requested anonymity because they were not authorised to speak publicly.

India will host the summit, which will be held later this year. If the recommendation is accepted, a proposal to link the digital currencies of BRICS members would be put forward for the first time. The BRICS organisation includes Brazil, Russia, India, China and South Africa, among others.

The initiative could irritate the US, which has warned against any moves to bypass the dollar. US President Donald Trump has previously said the BRICS alliance is "anti-American" and he threatened to impose tariffs on its members.

The RBI, India's central government and the central bank of Brazil did not respond to emails seeking comment. The People's Bank of China said it had no information to share on the subject in response to a Reuters request for comment; the South African and Russian central banks declined to comment.

The RBI's proposal to link BRICS' CBDCs for cross-border trade finance and tourism has not been previously reported.

The RBI's proposal builds on a 2025 declaration at a BRICS summit in Rio de Janeiro, which pushed for interoperability between members' payment systems to make cross-border transactions more efficient.

The RBI has publicly expressed interest in linking India's digital rupee with other nations' CBDCs to expedite cross-border transactions and bolster its currency's global usage. It has, however, said its efforts to promote the rupee's global use are not aimed at promoting de-dollarisation.

While none of the BRICS members have fully launched their digital currencies, all five main members have been running pilot projects.

India's digital currency – called the e-rupee – has attracted a total of 7 million retail users since its launch in December 2022, while China has pledged to boost the international use of the digital yuan.

The RBI has encouraged the adoption of the e-rupee by enabling offline payments, providing programmability for government subsidy transfers and by allowing fintech firms to offer digital currency wallets.

For the BRICS digital currency linkages to be successful, elements like interoperable technology, governance rules and ways to settle imbalanced trade volumes would be among the discussion topics, one of the sources said.

The source cautioned that hesitation among members to adopt technological platforms from other countries could delay work on the proposal and concrete progress would require consensus on tech and regulation.

One idea that is being explored to manage potential trade imbalances is the use of bilateral foreign exchange swap arrangements between central banks, both the sources said.

Previous attempts by Russia and India to conduct more trade in their local currencies hit roadblocks. Russia accumulated large balances of the Indian rupee for which it found limited use, prompting India's central bank to permit the investment of such balances in local bonds.

Weekly or monthly settlements for transactions are being proposed to be made via the swaps, the second source said. (**Source: GDN Online)**

## India to organise business delegation to ASEAN countries in March 2026

The Union ministry of commerce & industry is organizing a business delegation to the Association of Southeast Asian Nations (ASEAN) countries of Myanmar, Cambodia, Malaysia, and Vietnam between March 2 and March 13, 2026.

ASEAN region continues to offer significant potential for Indian pharmaceutical products. During FY 2024–25, India's pharmaceutical exports to ASEAN were valued at USD 1,763.88 million, accounting for approximately 6.13% of India's total pharma exports. India's generic medicines market is significantly larger, with industry reports projecting the domestic generic drugs market to reach USD 27–30 billion by FY 2025–26.

The delegation holds a lot of significance considering the strategic importance of the ASEAN region as a focus area for pharmaceutical exports from India.

Pharma exporters participating in the delegation can avail Market Access Initiative (MAI)/Export Promotion Mission (EPM) assistance as part of the business delegation.

"The delegation will be led by the Pharmaceuticals Export Promotion Council of India (Pharmexcil). The proposed visit schedule has already been shared with the respective Missions and confirmation has been received for hosting the business delegation. The delegation is scheduled to visit these countries as an approved activity under the MAI/EPM programme of the Council," informs K Raja Bhanu, director general (DG), Pharmexcil.

The key activities of the delegation include meetings with trade bodies and follow-up business discussions, India-Cambodia Pharma Conference followed by B2B meetings and India-Malaysia Pharma Conference followed by B2B meetings.

As part of the Business Delegation, Buyer–Seller Meets (BSMs) will be organized in each country, complemented by meetings with regulatory authorities and leading trade associations. Member exporting companies are required to submit a mandatory Registration form with complete details as per the specified format latest by January 19, 2026.

Under the MAI/EPM assistance, support is available only for the director/partner/proprietor or a full time senior managerial officer of the entity and shall be extended to Indians nationals only.

The EPM is a new, Indian government comprehensive initiative with a total outlay of Rs. 25,060 crore for a six-year period (FY 2025–26 to FY 2030–31). The EPM consolidates key export support schemes, including the MAI scheme and the Interest Equalisation Scheme (IES), into a unified framework to address structural challenges faced by exporters. A specific component under the EPM, the Market Access Support (MAS) scheme, was launched in January 2026 with an allocation of Rs. 4,531 crore. This component is designed to help exporters participate in international events and meets, absorbing the core functions of the previous MAI scheme.

EPM also aims to boost India's exports by mapping Non-Tariff Measures (NTMs) and supporting MSMEs, while Pharmexcil is the government-promoted body for India's pharma sector, working within the EPM framework by collecting data on regulatory requirements for its members to help them navigate global markets.

## India key partner in UK's 40-billion-pound International Education Strategy


New Delhi: India is a focus country in the UK's new International Education Strategy, which aims to increase the value of Britain's educational exports to 40 billion pounds a year by 2030.

India is one of five focus countries for the UK's International Education Champion, Professor Sir Steve Smith, according to a statement by the British High Commission in New Delhi. The other four countries are Indonesia, Saudi Arabia, Vietnam, and Nigeria.

With the new strategy, Britain looks to widen the global reach of UK education. The initiative is also part of the UK government's newly formed action group that is being set up to work with the International Education Champion, universities, colleges, and schools.

As part of the new approach, Britain has removed targets on the number of overseas students recruited by domestic institutions. The focus now shifts to cutting down trade barriers, expanding education, and offering skills in growth markets, including international campuses.

"By expanding overseas, our universities, colleges and education providers can diversify income, strengthen global partnerships and give millions more access to a world-class UK education on their doorstep, all whilst boosting growth at home," said UK Education Secretary Bridget Phillipson.

The strategy also pointed to nine new British university campuses, including the University of Southampton, as announced by Prime Ministers Narendra Modi and Keir Starmer in October 2025, which are set to open campuses in India.

The University of Southampton will be the first foreign university to set up a campus in India under the new University Grants Commission regulations. Its Gurugram campus is flagged as a centre for research, innovation, and teaching and described as a "significant achievement."

"Education exports are a major UK success story, and we're on track to grow the sector to 40 billion pounds by 2030, powered by world-leading providers driving digital learning, AI-enabled innovation and future skills development," UK Minister for Trade Chris Bryant said.

In addition, **Brazil, Mexico, and Pakistan** have also been added to the list of emerging economies targeted to expand the global reach of UK education.

# Indian's Foreign Trade

## India fertiliser imports on track to hit all-time high of $18 billion this year

India's fertilizer imports are set for a record surge this fiscal year. Officials predict a 76% jump to $18 billion. This increase is fueled by farmers expanding crop areas after heavy rains. Consumption of key fertilizers like urea and DAP is rising significantly. This trend reflects ample monsoon rainfall encouraging winter crop planting across the nation.

Mumbai: India's fertiliser imports for the current fiscal year are expected to surge 76% from a year earlier to a record $18 billion, government and industry officials said on Wednesday as consumption jumped after heavy rains prompted farmers to expand their crop areas.



"There has been a sharp rise in urea and DAP (Diammonium Phosphate) imports this year, which is pushing up the overall fertiliser import bill," said a government official, who declined to be named because they were not authorised to speak publicly.
In the first nine months of the fiscal year that ends in March, India's fertiliser imports surged 71% from a year earlier to $13.98 billion.

In the March quarter, a large volume of urea and other fertiliser shipments is expected to land, which will cost at least another $4 billion, the official said.

India spent $10.23 billion on fertiliser imports in the last fiscal year after hitting an all-time high of $17.21 billion in 2022-2023 when global prices surged following Russia's invasion of Ukraine.

## India's 25 coffee exports rise 22.50% in value terms; volumes fall 4.47%

India's coffee exports saw a dip in volume by 4.47% to 3.84 lakh tonnes in 2025, yet surprisingly, value surged by 22.50% to USD 2,058.06 million. While Arabica and Robusta shipments declined, instant coffee exports experienced a notable increase. Italy, Russia, and Germany remained key export markets.

New Delhi, India's coffee exports declined in volume by 4.47 percent to 3.84 lakh tonnes in the 2025 calendar year, but rose 22.50 percent in value terms to USD 2,058.06 million, Coffee Board data showed.
In volume terms, the shipments declined from 4.02 lakh tonnes in 2024. The unit value realisation remained higher at Rs 4.65 lakh per tonne in 2025 compared to Rs 3.48 lakh

India ranks seventh globally in coffee production and fifth in coffee exports. According to the Board data, Arabica coffee exports showed a decline of 65 percent to 15,607 tonnes during the 2025 calendar year as compared to 44,315 tonnes previous year.

## Top 10 Turmeric Exporters Defining The Global Haldi Export Market

- India is the global leader in the production and export of turmeric.
- Turmeric is produced in many Indian states, and it is exported to other parts of the globe.
- There is a high demand for turmeric powder export and turmeric fingers.



Turmeric, which is commonly known as Haldi in India , is one of the most ancient and most expensive spices around. It is consumed daily in food items, medicines, and even in beauty and Ayurvedic remedies. In today's market, turmeric is in great demand, not only as a food ingredient but also as a health supplement.
Turmeric can grow in warm and humid environments. Perfectly aligning with Indian weather, the main cultivated areas for turmeric include Telangana, Andhra Pradesh, Maharashtra, Tamil Nadu, Odisha, Karnataka, and West Bengal. These states account for massive production of turmeric annually, making India the world leader in the production of turmeric.
Because of this strong base, India is also the leading source of haldi exports. Indian turmeric is praised for its excellence in terms of its color and curcumin. This is why customers from the USA, the Middle East, Europe, and Asia purchase Indian turmeric to be used in the food industry as well as the health industry. This is why the countries exporting turmeric find India as the principal source.

**Compiled by Dr.Sham Choughule through various sources for private circulation**


**Director**

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YOUR GATEWAY TO GLOBAL BUSINESS

**(International Business, Logistics, and Maritime Transport )**

Shamc2001@yahoo.co.in

**Association for Global Economic Development-India**

**Corporate Office: A/111, Mittal Court, Nariman Point, Mumbai - 400 021.**


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