



INDIA REPORT

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LALCAP

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Bombay Sensex 30 : 5 Year Chart (closing values)



Close:

	Level	Index Pts Chg- Day	% Chg YTD
23 Jan 2026			
SENSEX 30	81,538	-770	-4.3%
NIFTY 50	25,049	-241	-4.1%

Other Markets: Level & % YTD

ASIA: CHINA Shanghai: 4,136 (+4%)

JAPAN Nikkei 225: 53,847 (+7%)

EUROPE: UK FTSE: 10,143 (+2%)

GERMANY DAX: 24,901 (+2%)

USA: Dow Jones: 49,099 (+1%)

NASDAQ Composite: 23,501 (+1%)

GOLD: \$4,982.50 (+15%)

SILVER: \$102.95 (+45%)

BRENT OIL: 65.88 (+8%)

Indian Currency; Level & YTD

INR ₹ / USD \$1= Rs91.50 (-1.8%)

INR ₹ / GBP £1= Rs125.08 (-3.4%)

INR ₹/ EUR €1= Rs108.29 (-2.6%)

⇒ **The US-India trade corridor is humming, if uneasily. Bilateral trade jumped 22% year-on-year in November 2025, yet a long-promised trade pact remains elusive.** That gap speaks louder than the numbers. Negotiations are grinding. Positions are hardening. India is holding its ground and pushing back against what it views as unfair, punitive tariffs imposed. The clearest flashpoint is agriculture. India, the world's largest consumer of pulses, accounting for more than 27% of global demand, put a 30% duty on US yellow peas from November 1. The move reads as retaliation for Washington's 50% tariff hike. The response in the US has been political. Senators Kevin Cramer and Steve Daines wrote to President Trump on January 16, urging him to secure favourable provisions for pulse growers in North Dakota and Montana in any deal with India. Beyond crops, signals are sharper. New Delhi has reportedly cut its holdings of US Treasury bonds by \$50 billion, reversing years of steady accumulation. Just a financial nudge, not a rupture. **But the message is unmistakable to markets worldwide.**

⇒ **India and the European Union are set to announce the conclusion of long-running negotiations for a free trade agreement on Tuesday, January 27.** Talks, revived in 2022 after a nine-year lull, gained urgency last year after U.S. tariffs imposed worldwide surprised friends and foes alike. Once ratified—likely after at least a year of European parliamentary scrutiny—the pact could lower tariffs across markets spanning nearly two billion people. The trade deal will be paired with a security and defence agreement, the EU's third in Asia after Japan and South Korea, and a mobility pact easing movement for skilled workers and students. **Together, the agreements signal strategic hedging. With U.S. tariff threats and pressure tactics testing Western alliances, Brussels and New Delhi are recalibrating. Fast.**

⇒ **India's Maruti Suzuki plans to invest 350 billion rupees (\$3.9 billion) in a new manufacturing plant in Gujarat, the state government said, highlighting the automaker's push to capture rising domestic and export demand.** The facility will add up to one million vehicles of annual capacity, lifting Maruti's total output to 3.4 million units. Production is slated to begin in fiscal 2029. Maruti, India's top-selling carmaker, is majority owned by Japan's Suzuki Motor. The investment reinforces Gujarat's role as a hub within the

world's third-largest car market. **And continuing interest by foreign investors to tap into its large consumer market.**

⇒ **Sweden's IKEA is spreading its India footprint—digitally first. The furniture retailer, which entered the market in 2018 with a Hyderabad store, will begin online deliveries in four new cities, including Chennai and Coimbatore, where it lacks physical outlets.** The move reflects India's young, mobile-first consumers, increasingly shopping online to dodge congested roads. E-commerce already accounts for more than 30% of IKEA's India sales; the target is 40%. To match ambition with capital, IKEA plans to more than double its India investment to over \$2.20 billion over five years. More stores are coming. So is deeper local sourcing. Production for domestic sales and exports will double to 800 million euros (\$930 million). **The timing is strategic. As India scrambles to diversify exports following punitive U.S. tariffs—raised to 50% in August 2025 over Russian oil imports—IKEA's expansion offers both ballast and signal.**

⇒ **India's consumer inflation climbed to 1.33% in December 2025, up from 0.71% a month earlier.** The Ministry of Statistics attributed the rise to higher costs for personal care, vegetables, meat, eggs, spices, pulses and related products. Despite food-led pressures, inflation remains benign, strengthening the RBI's case for another 25-basis-point rate cut. **From February 12, CPI shifts to a 2024 base year, signalling continuity amid methodological change ahead nationwide.**

⇒ **The delayed US-India trade deal and investor outflows weighing on the rupee carry an unexpected dividend.** Long-sought demands of foreign investors are finally being met. SEBI has rolled out measures to increase overseas participation, seeking deeper markets and renewed inflows. **The push comes as U.S. tariffs bite, earnings disappoint and lofty valuations amplify capital flight from India's equity markets amid pressure on the Indian Rupee.**

⇒ **Final rules have been unveiled to lower barriers for sovereign-backed and overseas retail funds, potentially easing market access for nearly two-thirds of foreign investors.** Large institutions will also be allowed to settle trades on a net basis rather than transaction by transaction. **For investors executing frequent intraday trades, netting offsets buys and sells, sharply cutting settlement costs, liquidity needs and operational friction that have long discouraged sustained foreign participation.**



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2025 YTD PERFORMANCE OF ASIA PACIFIC/WESTERN EQUITY MARKETS IN LOCAL CURRENCY, US\$ & GB£

- The table below shows 2025 returns on 31 December 2025 in local currency, and currency adjusted returns in US\$ and GB£;
- Global equities delivered solid double-digit gains overall, with many benchmarks reaching new all-time highs. For the first time in years, international equities outperformed the US, delivering a standout year for global diversification. European shares ended near all-time highs, with their biggest annual percentage gains in four years. Indices in Hong Kong, Japan, the UK and Germany all outpaced America's S&P 500 which ended up 16%, its third straight year of double-digit gains;
- In Asia most markets ended higher for the year. The 3 best performers in Asia in local currency were: South Korea (+76%), Pakistan (+51%) and Sri Lanka (+42%);
- India's Sensex30 rose 9% and the Nifty50 gained 11%, amid sharp volatility. Punitive U.S. tariffs, rich valuations and relentless foreign selling capped upside as overseas investors booked profits. Despite positive returns, Indian equities lagged most global and Asian peers. A soft rupee exacerbated the damage for overseas investors;
- Western markets listed below showed double-digit gains. The UK's FTSE had a very good year, rising 22%.
- Gold surged 64%, its best gain in 46 years, driven by US monetary easing, ongoing geopolitical risks, and central bank buying. Silver was outstanding with an unexpected gain of 146%, and further gains are expected in 2026.

CLOSING 2025 INDEX PERFORMANCE	Index on 31 Dec 2025	2025 %Chg	2025 %Chg	2025 %Chg
ASIA PACIFIC		In local Currency	in US\$	in GB£
MSCI APEX 50	2,050	+ 42	+ 42	+ 34
MSCI EMERGING MARKETS	1,404	+ 34	+ 34	+ 26
AUSTRALIA 200 INDEX	8,714	+ 18	+ 15	+ 7
CHINA SHANGHAI COMP	3,969	+ 18	+ 23	+ 15
CHINA CSI 300	4,630	+ 18	+ 23	+ 15
HONG KONG HANG SENG	25,631	+ 28	+ 28	+ 20
INDIA NIFTY 50	26,130	+ 11	+ 6	- 2
INDIA SENSEX 30	85,220	+ 9	+ 4	- 4
INDONESIA JAKARTA COMP	8,647	+ 21	+ 17	+ 9
JAPAN NIKKEI 225	50,339	+ 26	+ 27	+ 19
MALAYSIA K.L. COMP.	1,680	+ 2	+ 13	+ 5
PAKISTAN KSE 100	174,054	+ 51	+ 50	+ 42
PHILIPPINES PSEi	6,053	- 8	- 9	- 17
SINGAPORE STI	4,646	+ 23	+ 30	+ 22
SRI LANKA COLOMBO ALL SHARE	22,624	+ 42	+ 34	+ 26
STH. KOREA KOSPI	4,214	+ 76	+ 79	+ 67
TAIWAN TAIEX	28,964	+ 26	+ 31	+ 23
THAILAND SET INDEX	1,260	- 9	- 1	- 9
VIETNAM STOCK INDEX	1,784	+ 41	+ 37	+ 29
WESTERN				
GERMANY DAX	24,490	+ 22	+ 39	+ 29
SWITZERLAND SMI	13,268	+ 14	+ 31	+ 23
FTSE 100	9,931	+ 22	+ 7	+ 22
US DOW JONES INDUSTRIALS	48,063	+ 13	+ 13	+ 5
USA NASDAQ COMPOSITE	23,241	+ 20	+ 20	+ 12
USA S&P 500	6,846	+ 16	+ 16	+ 8
BRAZIL BOVESPA	161,125	+ 34	+ 51	+ 41

Source: Bloomberg



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Background to the 30 + years journey of the India Reports:

- The first India Report was authored by Deepak Lalwani, at the request of the then Indian High Commissioner (Ambassador) to the U.K., Dr L.M. Singhvi, for a key investor meeting.
- The meeting took place on 6 March 1995, in the Mahatma Gandhi Room at the Indian High Commission in London.
- Over the span of three decades, the India Report has expanded its global reach and is now read across five continents.
- More than 1,000 reports have been published, continuing to provide a succinct, independent, non-political and objective view of India's evolving macroeconomic landscape.
- The report is followed by a wide range of readers, including family office investors, institutional investors, hedge funds, high-net-worth investors, governments, chambers of commerce, as well as trust companies, lawyers, accountants, businessmen and media outlets, both in TV and print.
- The India Report is possibly the longest-running independent research on India's economy which has been curated consistently by the same individual, Deepak Lalwani, for over 30 years.
- Deepak Lalwani has continued his work out of passion, driven by a deep sense of gratitude to contribute to both his country of adoption, the U.K., and his country of origin, India.

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