

Goods trade deficit worsened in Sep to the steepest level in 13 months due to high gold imports, US tariff impact

27 October, 2025

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Data highlights

Merchandise trade

- In Sep-2025, India's goods trade deficit worsened to the steepest level in 13 months at USD32.1bn from USD26.5bn in Aug-2025. Both exports and imports rose month-on-month, with imports growth surpassing exports. Base effects were unfavorable, driving year-on-year double-digit imports growth and keeping exports growth stable.
- The deficit widened across key groups of oil, gems and jewellery, and core goods but the steepening vis-à-vis Aug was sharpest in gems and jewellery by about USD4.6bn. In H1-FY26, overall goods deficit worsened to USD155bn from USD145bn in H1-FY25.

Merchandise exports

- Exports were at USD36.4bn in Sep vs. USD35.1bn in Aug (+6.8%YY, +3.7%MM). Of 30 main groups, exports increased year-on-year in 17, same as Aug. Compared to Aug, year-on-year exports growth was stable in case of core goods, while moderation in gems and jewellery exports was offset by higher growth in petroleum exports.

Merchandise imports

- Imports were at USD68.5bn vs. USD61.6bn in Aug (+16.7%YY, +11.3%MM). Of 30 main groups, imports rose year-on-year in 21, up from 14 in Aug. Both gold and core (non-oil, non-gold) imports surged year-on-year, offsetting the decline in oil imports.

Services trade

- Services trade surplus was steady at USD15.5bn vs. USD15.6bn in Aug. Both exports and imports fell sequentially. Base effects were negative, so that exports fell year-on-year for the first time in 1.5 years. Imports contracted for second successive month.
- Services exports were at USD30.8bn vs. USD31.2bn in Aug (-5.4%YY, -1.2%MM). Services imports were at USD15.3bn vs. USD15.6bn in Aug (-7.6%YY, -1.9%MM). In H1-FY26, services trade surplus improved to USD95.5bn from USD84.3bn in H1-FY25. The year-on-year growth in both exports and imports eased compared to H1-FY25 but exports clocked in higher growth than imports that were flat.

Total trade

- Due to steeper goods deficit, total deficit deteriorated to USD16.6bn from USD10.9bn in Aug. The year-on-year rise in services surplus in H1-FY26 cushioned higher goods deficit, so that total deficit narrowed mildly to USD59.5bn vs. USD60.9bn in H1-FY25.

Outlook

- **Trade with the US and other economies:** In Apr-Aug FY25, India's goods trade deficit remained the steepest vis-à-vis China, followed by Russia. Compared to Apr-Aug FY25, deficit continued to worsen against China, while it narrowed against Russia. Electronic parts and telecom instruments topped the list of imports from China. In addition to crude oil and products; fertilizers, and coal, coke, and briquettes, etc. were key imports from Russia.

- In Sep-2025, India's trade surplus with the US slipped to the lowest level since Jan-2023 to USD1.5bn from the recent peak of USD6.4bn in Mar-2025. Exports to the US fell year-on-year for the first time in ten months (by 11.9%), as 50% tariffs on India's exports to the US became effective from 27-Aug. Even as the US continued to top the list of India's export destinations at 15% share, it marked a moderation from 24% in Mar-2025.

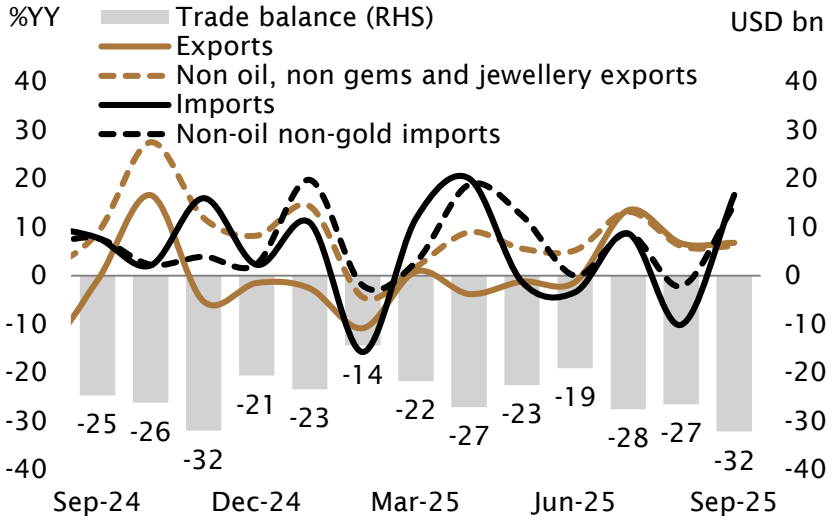
- In H1-FY26, frontloading of exports ahead of tariffs being effective led to higher growth of India's exports to the US at 13.3%YY versus 5.7% growth in H1-FY25. Though imports also grew at a faster pace of 9.0%YY, compared with 7.6% in H1-FY25, trade surplus rose to USD20.2bn from USD16.9bn in H1-FY25. Data till Aug shows notable frontloading of smartphone exports to the US. Key imports from the US that increased year-on-year included crude petroleum, electronic parts, and organic chemicals.

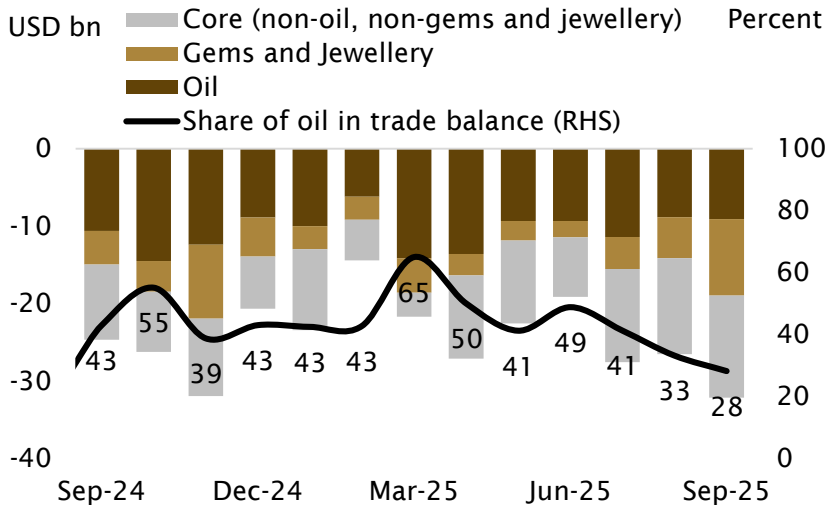
- **Outlook:** The outlook for India's external sector hinges on the long-awaited bilateral trade deal with the US. Media reports cite that the two economies are nearing finalization of an agreement and hope that the US lowers tariffs on India to a rate that is lower or in the same range as other Asian economies. Reportedly, India may concede to some US demands such as importing more crude oil from the US and easing the entry of certain non-genetically modified crops, but some pain points remain such as allowing imports of certain dairy products from the US. The factors impeding services trade between the two economies also need to be watched out for, including the hike in H-1B visa fees and the proposed Halting International Relocation of Employment (HIRE) Act.

- In October, trade tensions between the US and China escalated again, with the latter expanding export controls on rare earth minerals. But recent media reports indicate that the two economies are again close to signing a trade deal. Amid such uncertainties, overall outlook for global trade remains challenging, as noted by the WTO in its recent outlook note. The WTO raised global trade growth outlook for 2025 due to frontloading of exports to the US ahead of tariff hikes and increased trade in AI-related products but lowered forecast for trade in 2026, as it expects the impact of higher US tariffs to materialize later in 2025 and into 2026. In a recent article, the UNCTAD noted that trade between developing nations had supported resilience in global trade so far in 2025.

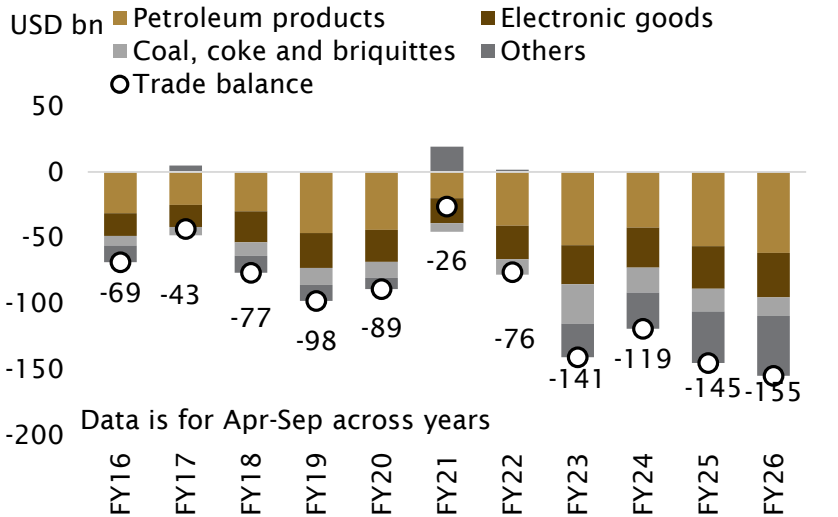
Merchandise trade deficit deteriorated in Sep to USD32bn, the steepest level in 13 months

Surge in imports amid stable exports growth led to widening of goods deficit to USD32.1bn in Sep from USD26.5bn in Aug

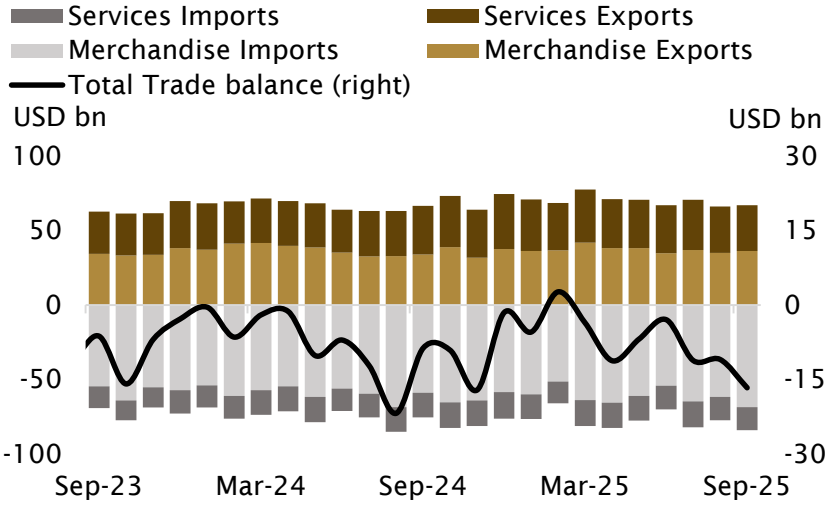




Goods deficit widened Apr-Sep FY26 vs previous years

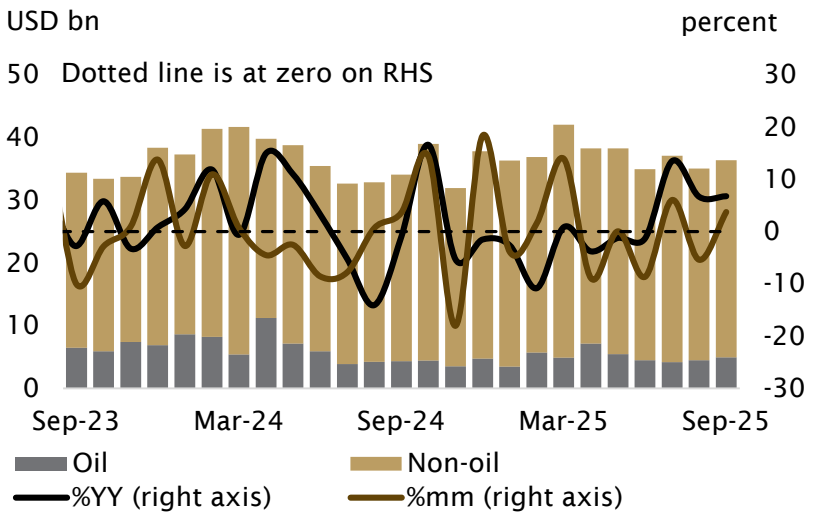


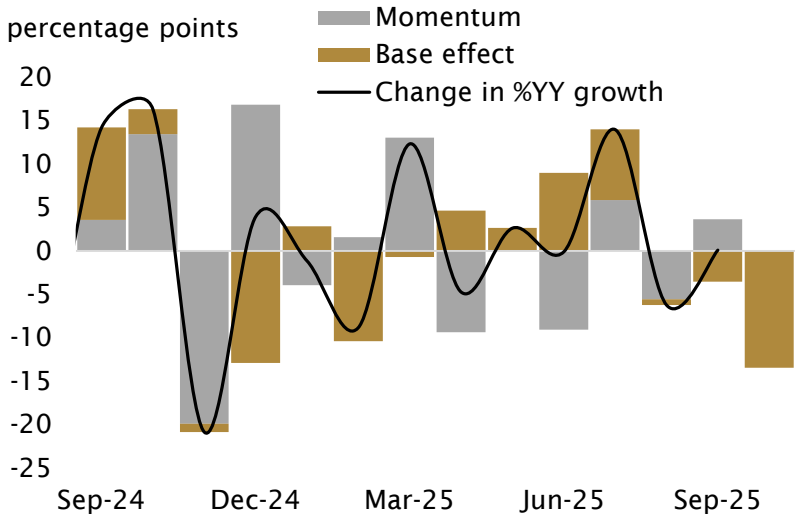
Total deficit (goods + services) deteriorated in Sep



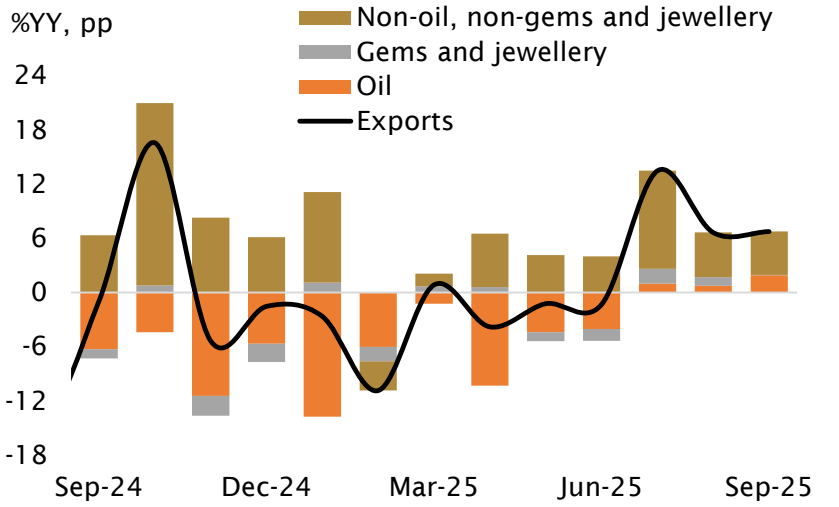
Core exports growth was stable year-on-year; surge in oil exports was offset by moderation in gems and jewellery exports

The year-on-year growth in exports was stable in Sep vis-à-vis Aug, as unfavorable base effect offset monthly gain

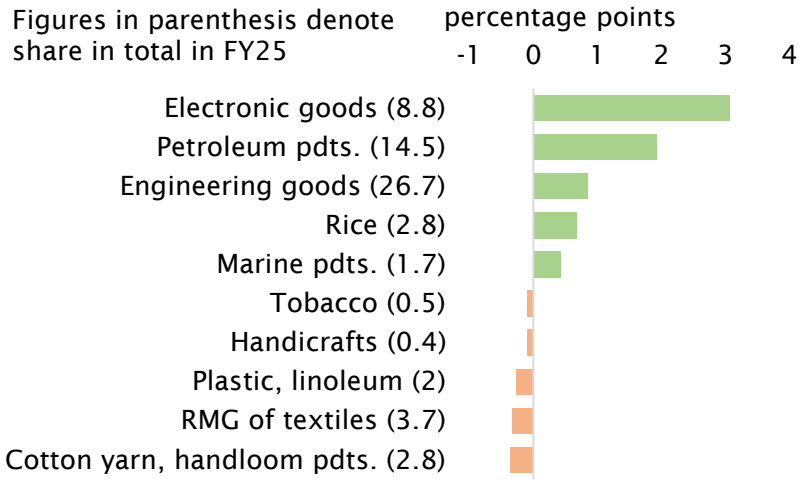




The y-o-y growth trends were mixed across key groups



Contribution to exports growth – Sep 2025



Despite year-on-year fall in oil imports, total imports growth surged due to higher gold and core imports

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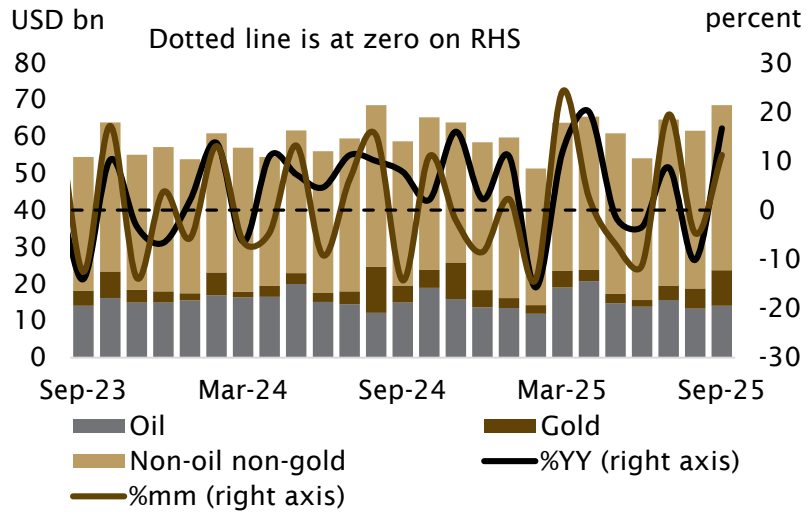
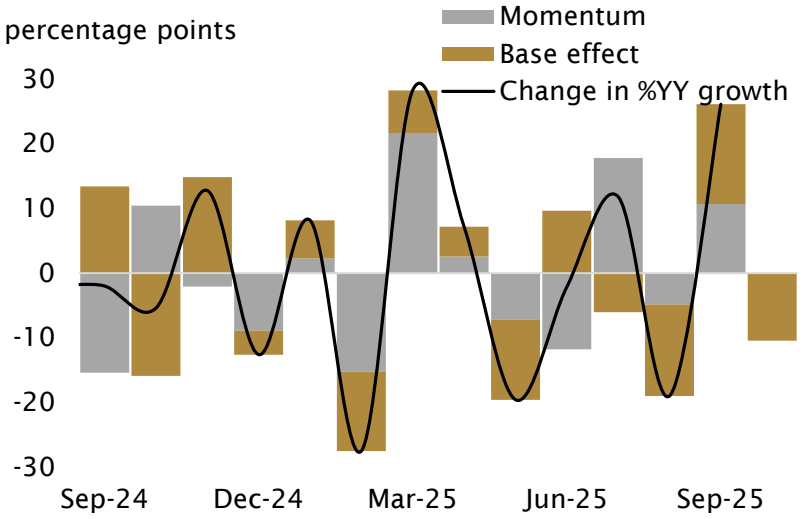
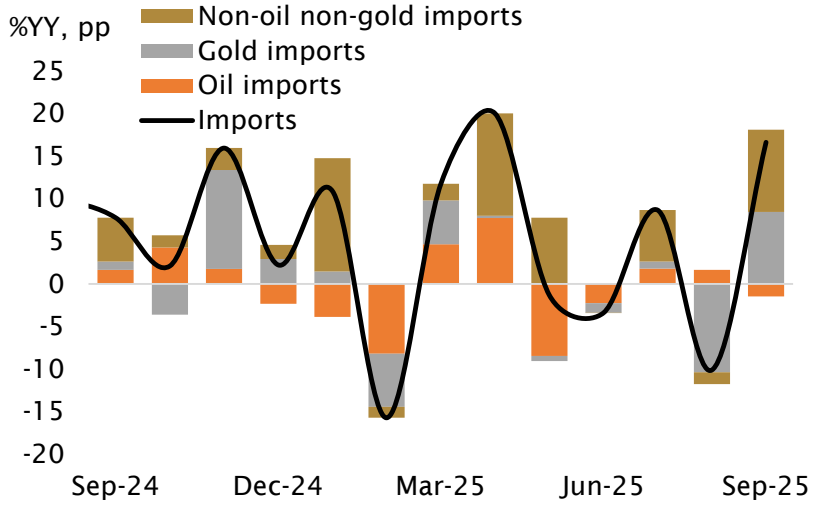
After falling in Aug, imports surged year-on-year in Sep due to month-on-month increase and unfavorable base effects

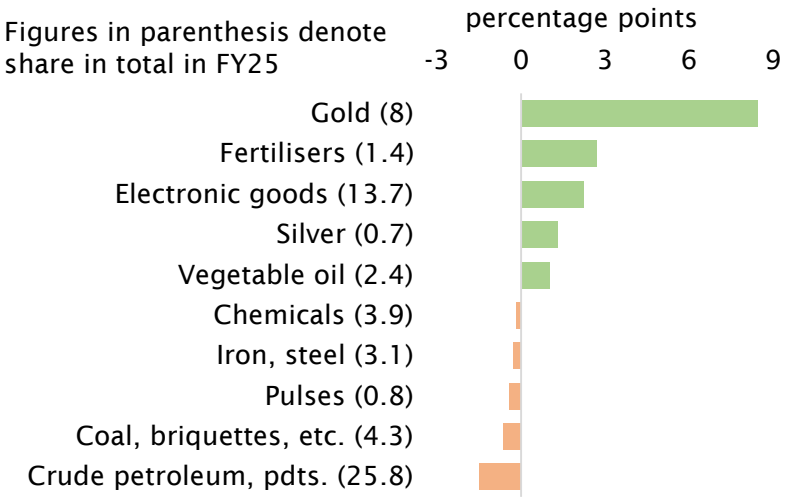




Gold, core imports more than offset fall in oil imports

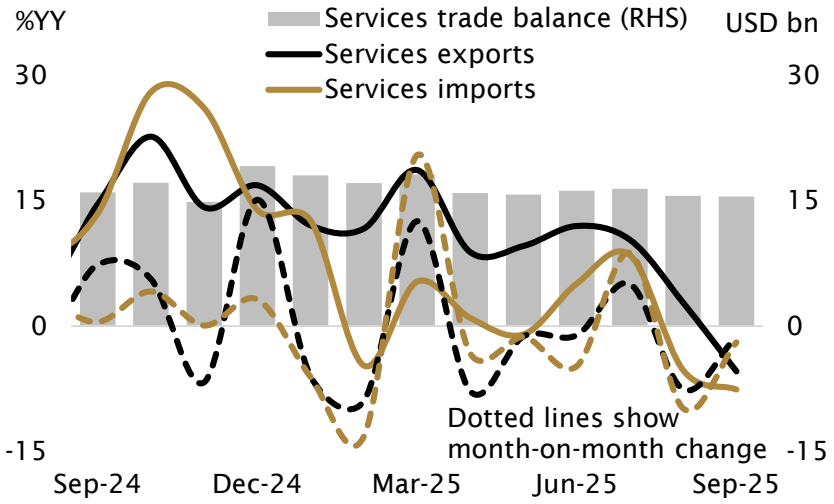


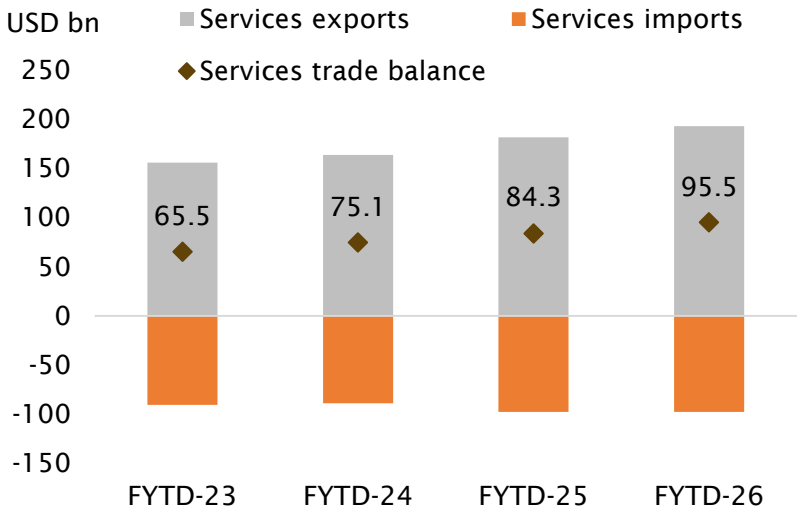
Contribution to imports growth – Sep 2025



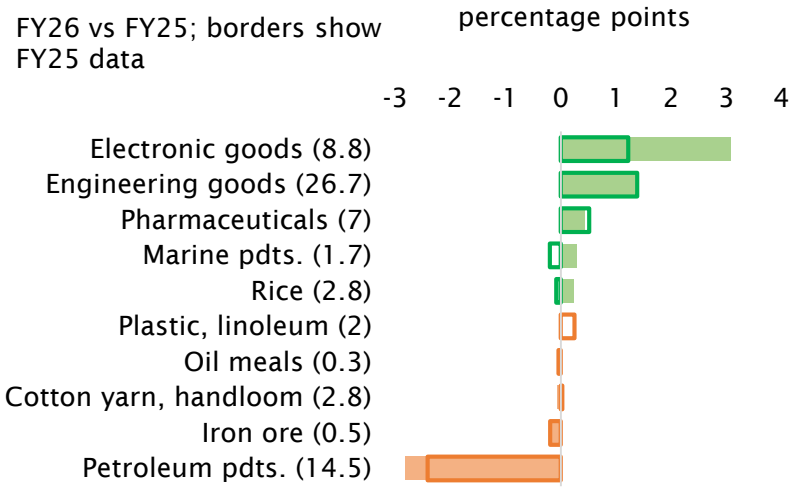
Services trade surplus was almost flat in Sep vis-à-vis Aug

Services exports fell year-on-year for first time in 18 months, imports stayed in contraction for second straight month

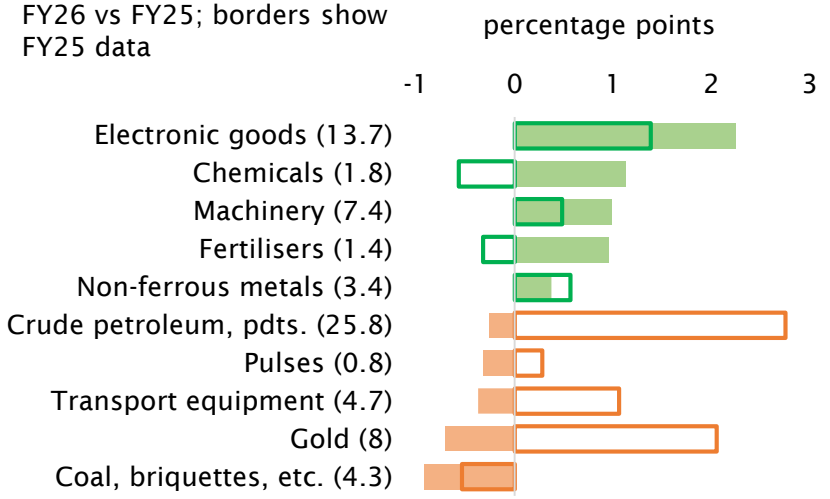




Contribution to %YY goods exports growth – Apr-Sep



Contribution to %YY goods imports growth – Apr-Sep



India's goods trade deficit remained the steepest vis-à-vis China in Apr-Aug; gold and oil imports reflect price impact

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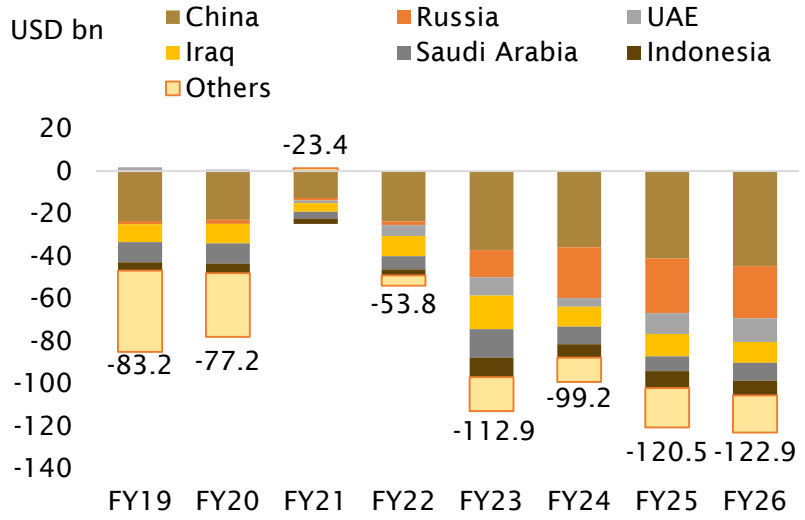
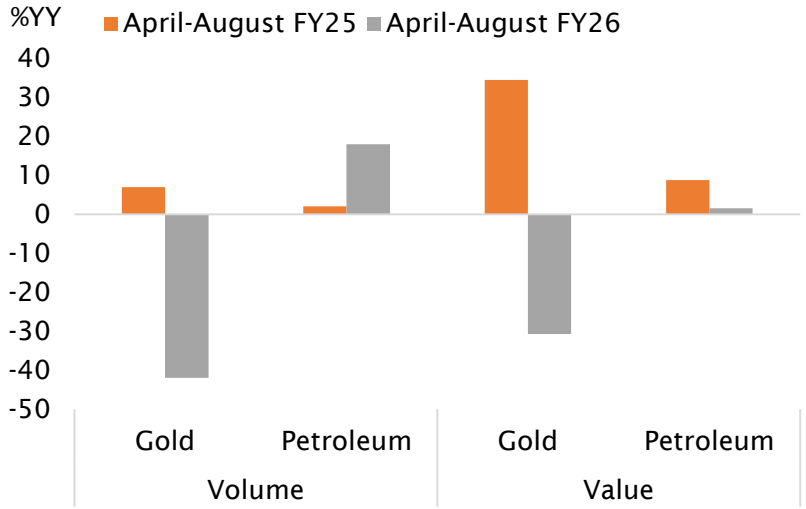
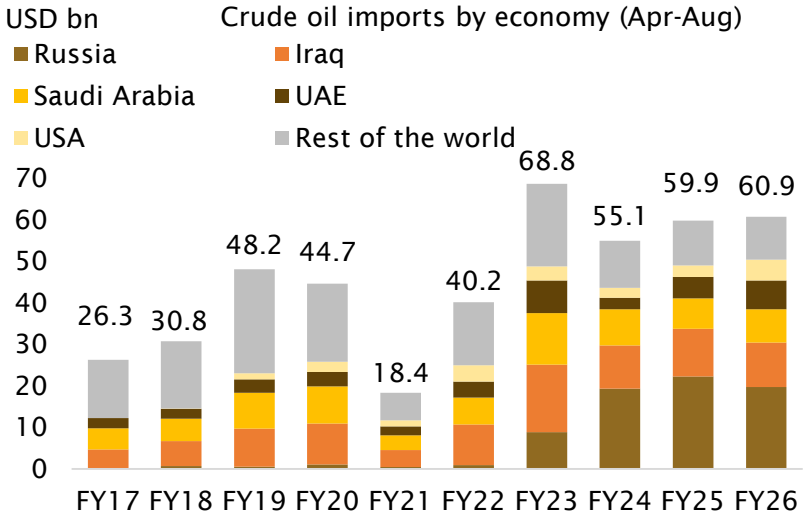
Trade deficit by economy – fiscal year-to-date (Apr-Aug)

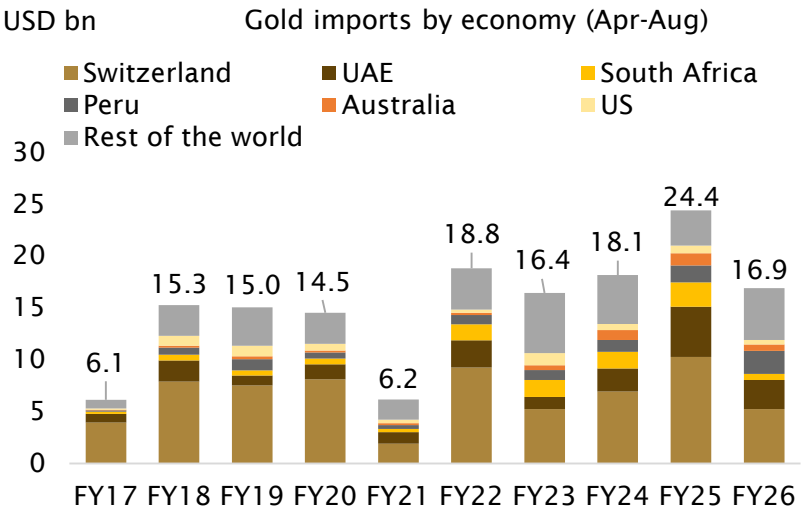


Gold imports down by value and volume FYTD FY26; oil up



Russian oil import share eased y-o-y to 33% from 37% in FYTD-FY26; gold import share from Switzerland at 31% vs. 42%





Switzerland added the most to imports in Sep; share of exports to the US at 15% stayed the highest but eased from 24% in Mar

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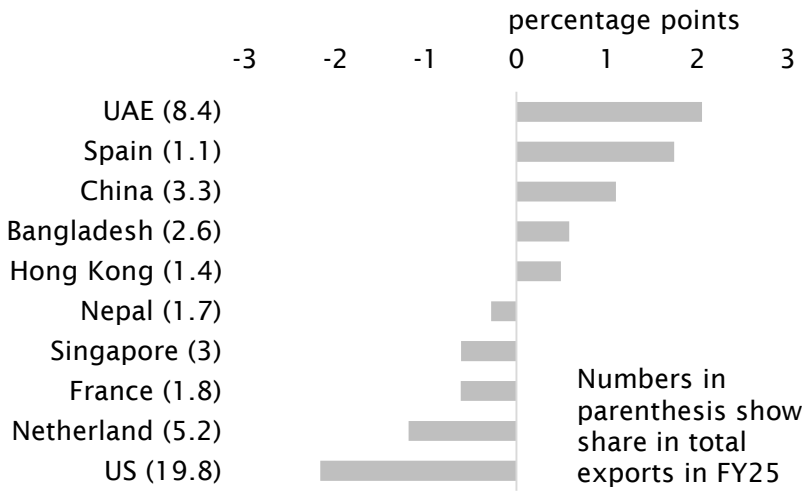
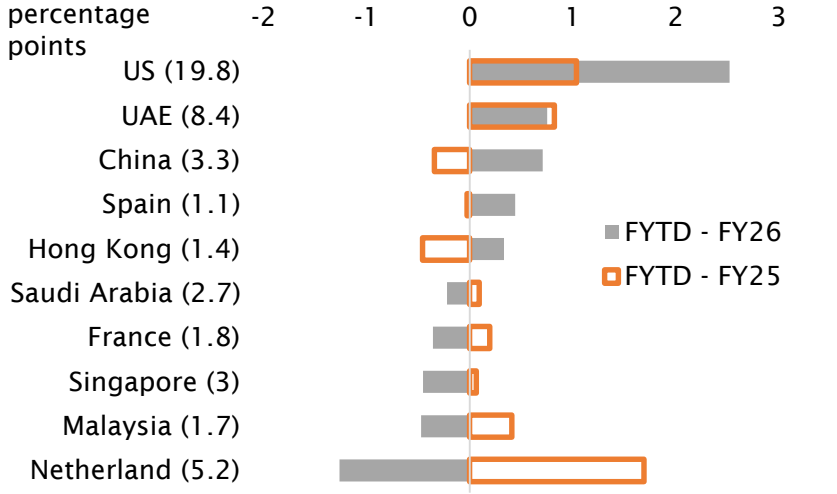
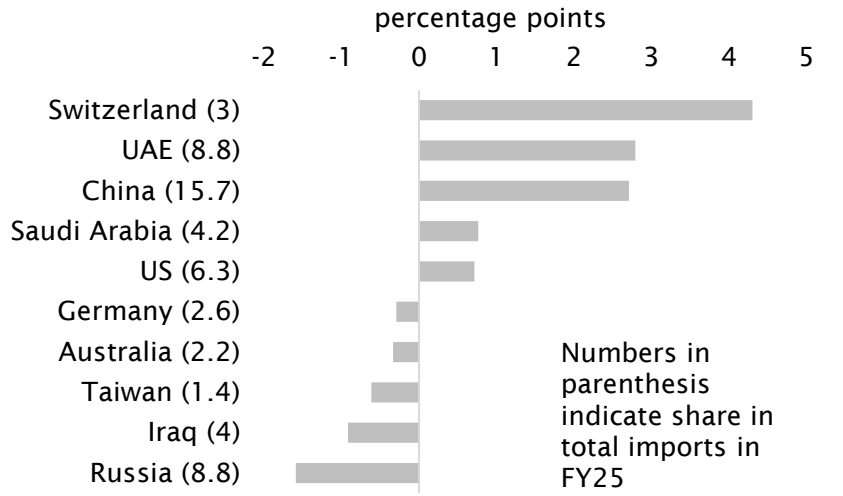
Contribution to year-on-year export growth – Sep 2025



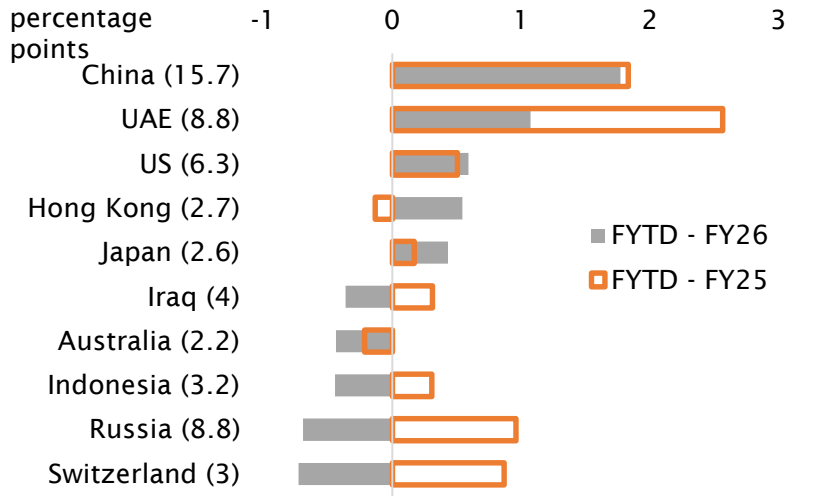
Contribution to y-o-y export growth – Apr-Sep FY26



Contribution to year-on-year import growth – Sep 2025



Contribution to y-o-y import growth – Apr-Sep FY26



India-US trade surplus slipped to the lowest since Jan-2023; exports fell year-on-year for the first time in ten months

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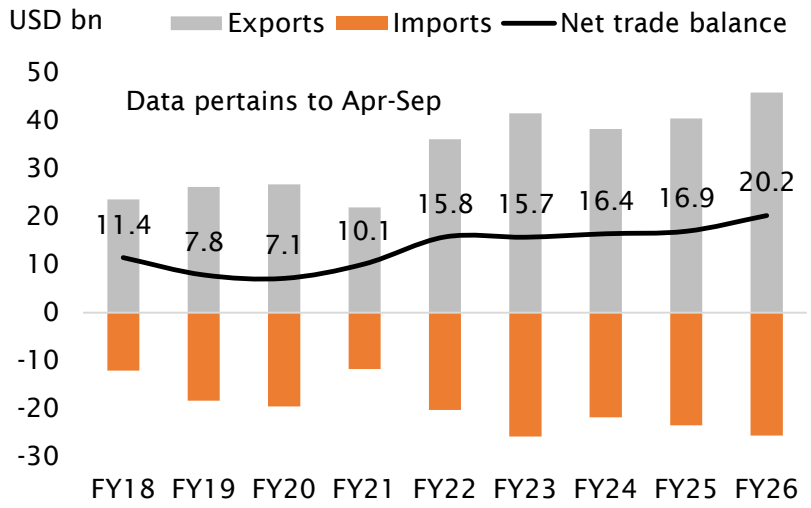
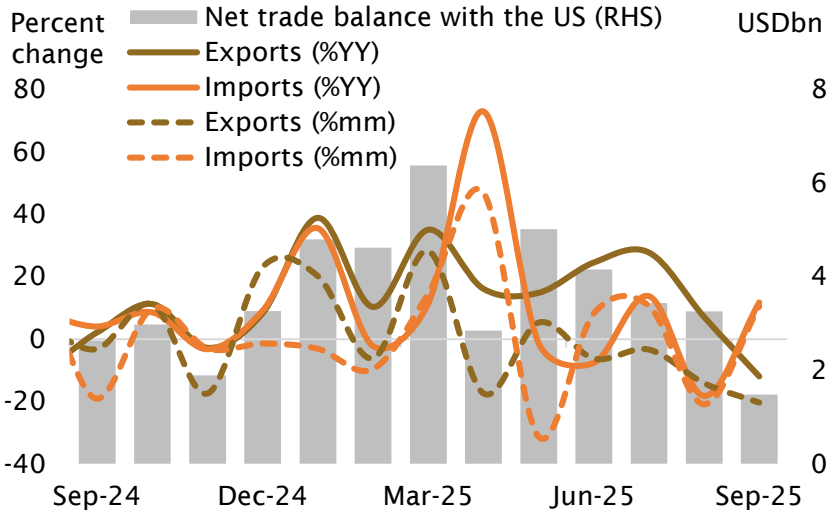
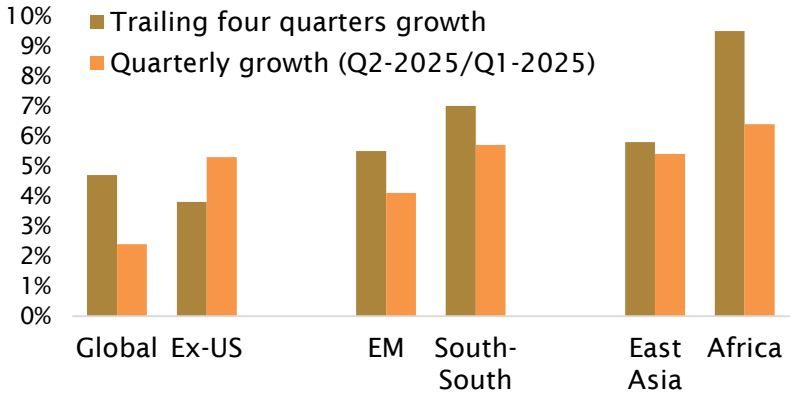
India-US trade surplus up year-on-year in FYTD terms, monthly data shows lowest surplus since Jan-2023 at USD1.5bn





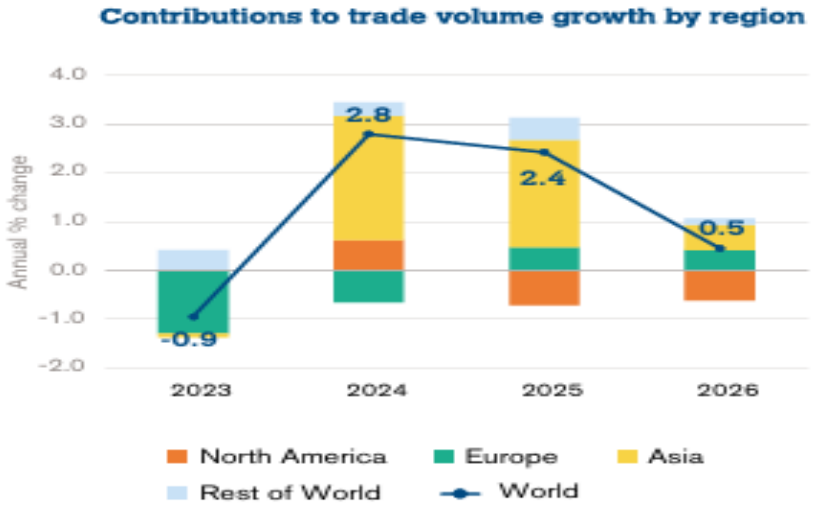
EM supporting resilience in global trade so far in 2025



Note: South-South shows trade between developing countries. Trailing four quarters growth shows change over Q3-24 to Q2-25 compared with change over Q3-23 to Q2-24.

Source: UNCTAD

WTO raised 2025 global trade forecast, cut for 2026



Source: WTO

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