

# Goods trade deficit stable at USD25bn in Dec; India-EU talks in spotlight amid impending trade deal with the US

21 January, 2026

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# Data highlights

**Merchandise trade**

- In Dec-2025, India's goods deficit was steady at USD25.0bn vs. USD24.5bn in Nov-2025. Both exports and imports increased sequentially and year-on-year, with imports growth outpacing exports. Base effect was unfavorable, dragging exports and adding to imports.
- The deficit in crude oil, and gems and jewellery narrowed, offsetting the widening in core goods trade gap. Sequentially and in annualized terms, core imports growth exceeded exports. In Apr-Dec FY26, goods deficit was at USD248bn vs. USD224bn in FYTD-FY25.

**Merchandise exports**

- Exports were at USD38.5bn in Dec (+1.9%YY,+1.0%MM) vs. USD38.1bn in Nov. Of 30 main groups, exports grew year-on-year in 17 vs. 25 in Nov. Core exports growth eased vis-à-vis Nov, while gold and oil exports fell after posting double digit growth in Nov.

**Merchandise imports**

- Imports were at USD63.6bn in Dec (+8.8%YY,+1.4%MM) vs. USD62.7bn in Nov. Of 30 main groups, imports grew y-o-y in 19 vs. 21 in Nov. Core imports growth stayed in double digits and gold imports in contraction, while oil imports rebounded after three months.

**Services trade**

- Services surplus rose to USD18.1bn from USD17.4bn in Nov. Sequentially, both exports and imports grew after declining for two straight months, with exports growth outpacing imports. Base effects were negative for both. Exports fell year-on-year, marking the first decline since Apr-2024, while imports remained in contraction for second straight month.
- Services exports stood at USD35.5bn (-4.0%YY, +3.6%MM) in Dec vs. USD34.3bn in Nov. Services imports were at USD17.4bn (-2.4%YY, +3.0%MM) vs. USD16.9bn in Nov.
- In Apr-Dec FY26, services trade surplus improved to USD152bn from USD135bn in FYTD FY25. Both exports and imports growth eased year-on-year vis-à-vis Apr-Dec FY25, with exports growth exceeding that of imports in FYTD FY26.

**Total trade**

- Amid stable goods trade deficit and an increase in services trade surplus, total deficit narrowed mildly to USD6.9bn from USD7.2bn in Nov-2025. In Apr-Dec FY26, total trade deficit was steeper at USD97bn vs USD88bn in FYTD FY25.

# Additional insights and outlook

- **Economy-wise details:** Data for Apr-Nov FY26 shows that India's trade deficit stayed the steepest vis-à-vis China (USD72bn), followed by Russia (USD38bn) and the UAE (USD19bn). The gaps continued to widen year-on-year vis-à-vis China and the UAE, but narrowed vs. Russia. Industrial machinery and computer hardware were key imports from China. Despite falling, crude oil was the main import from Russia amid higher oil imports from the US.

  Initial data for Dec-2025 shows that rebound in year-on-year imports growth was driven by China, Saudi Arabia and Japan. Data till Nov shows that crude oil was the main import from Saudi Arabia. Copper and its products, residual chemicals, and iron and steel were key imports from Japan. The decline in exports to Saudi Arabia was the largest drag on exports in Dec-2025. Exports to the US also fell.

- **India-US trade:** In Dec-2025, India-US trade surplus increased to USD2.9bn from USD1.7bn in Nov-2025. Both exports and imports fell month-on-month, with imports declining at a sharper rate than exports. In terms of year-on-year change, exports fell, while imports growth eased from the previous month. In Sep-Dec FY26, when the high 50% US tariffs on India were effective, India's exports to the US fell by ~1%YY.

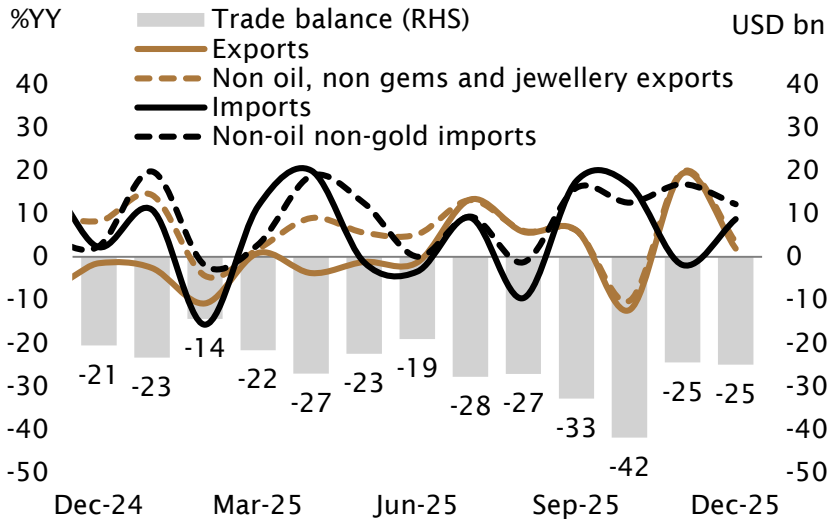
  Despite the steep US tariffs, trade surplus between the two economies held up at USD26bn in Apr-Dec FY26 vs. USD25bn in FYTD FY25 due to frontloading of exports. Data till Nov-2025 shows that telecom instruments (mainly smartphones) and pharmaceuticals topped the list of exports to the US, while exports of pearls and precious stones, and gold and jewellery fell sharply. There was an increase in oil imports.

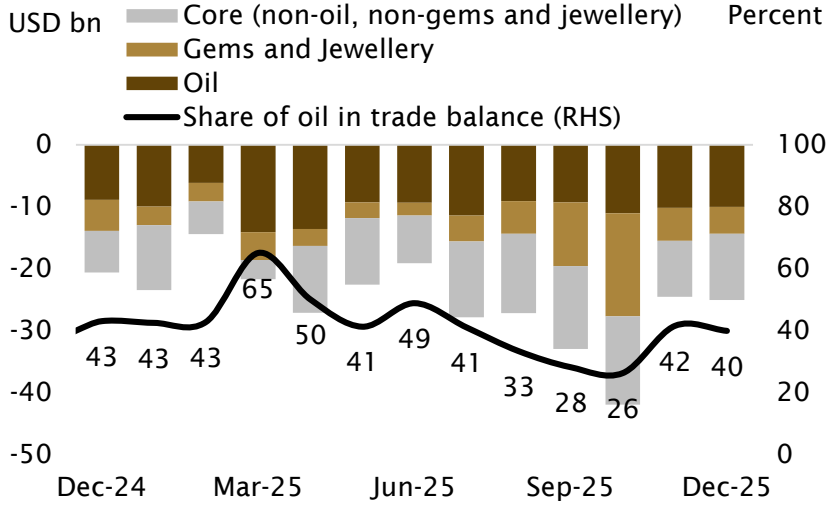
  **Outlook:** India continues its efforts to sign trade deals with various economies for diversification, including the ongoing talks for India-EU FTA. Nonetheless, the impending US-India deal continues to cloud overall prospects. The outcomes from recently signed trade pacts are far from clear in terms of mitigating the impact of high US tariffs that is starting to gradually reflect in trade data and more so in terms of sentiment and capital flows.

  In a recent article, the UNCTAD noted trends that will shape global trade flows in 2026. It noted that tariffs rose significantly in 2025, fueling trade uncertainty that weighed on growth prospects globally. Higher tariffs in 2025 were led by manufacturing and within it, by automotive and transport, and textiles and apparel. On the other hand, digitalization drove faster growth in services trade than goods in 2025. The agency has projected global trade growth to ease in 2026 amid rising protectionism and shifts in value chains. It expects trade between developing countries to remain a major engine of global trade and to expand further.

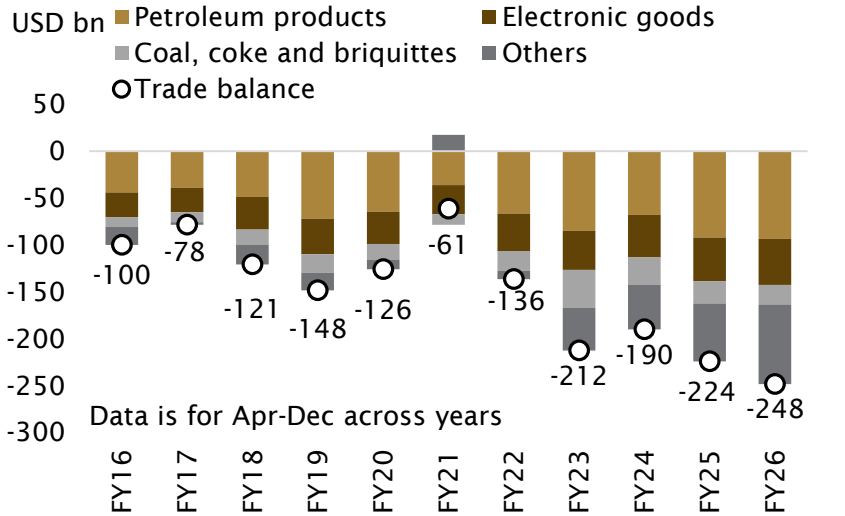
# Goods trade deficit was stable in Dec at USD25bn, even as imports growth outpaced exports both sequentially and y-o-y

## Trade deficit was largely stable in Dec at USD25bn; lower deficit in oil, gems and jewellery offset wider core goods gap

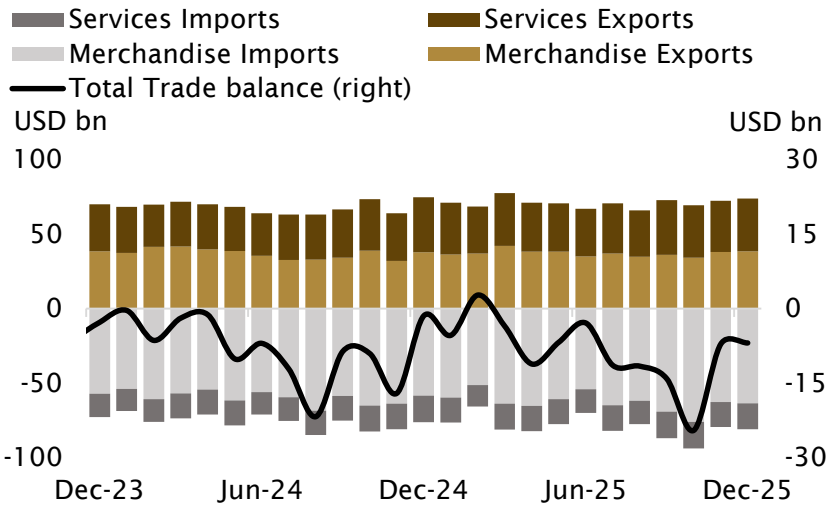



## Goods deficit widened Apr-Dec FY26 vs previous years

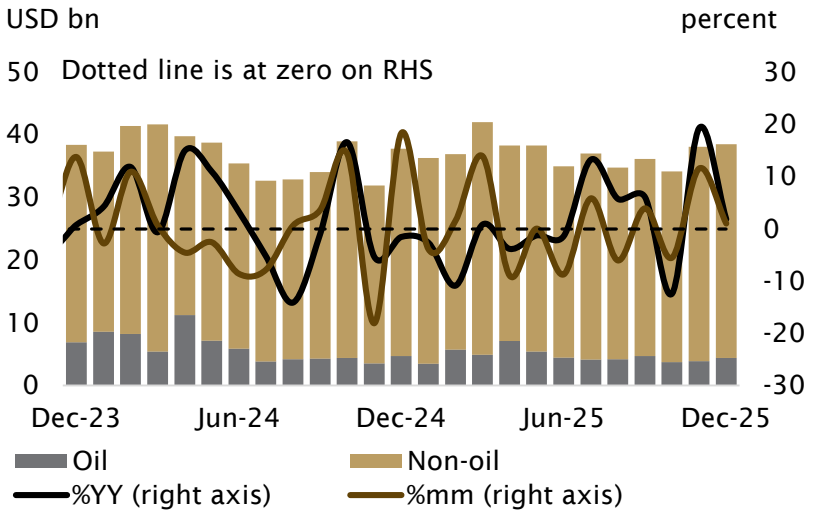


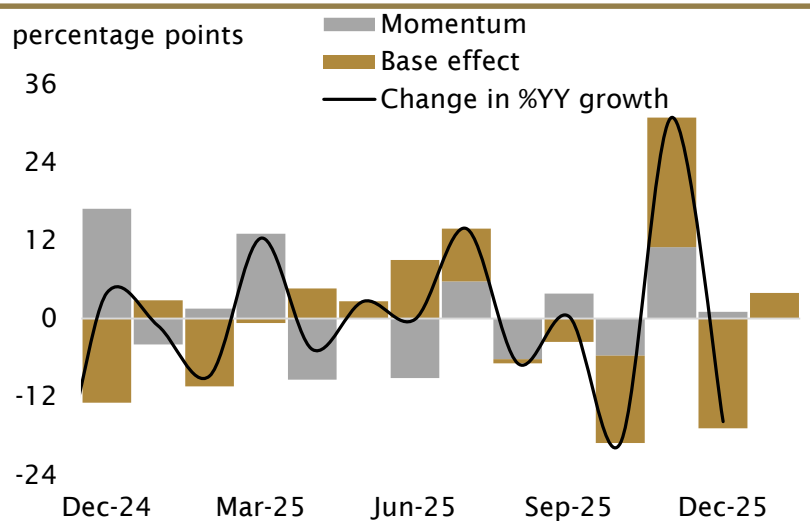

## Total deficit (goods + services) narrowed in Dec



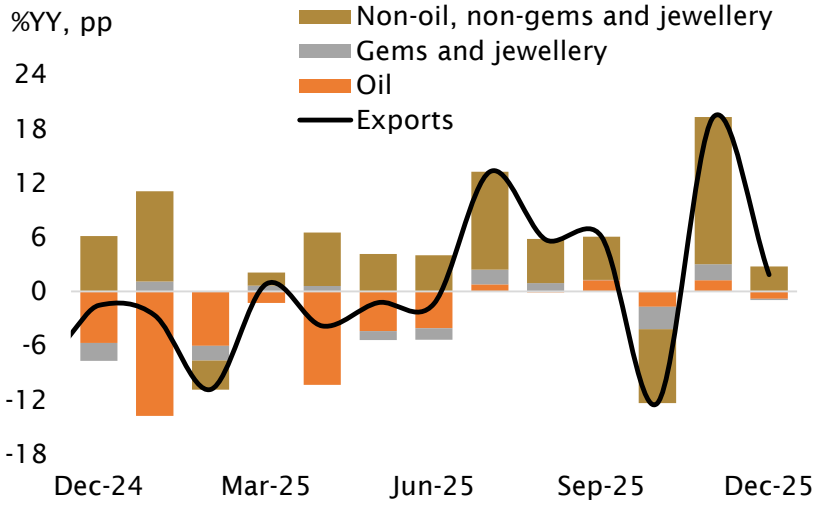
# Gems and jewellery, crude oil exports fell year-on-year; core exports growth eased

## Exports growth eased year-on-year vis-à-vis Nov, as negative base effect more than offset mild sequential momentum

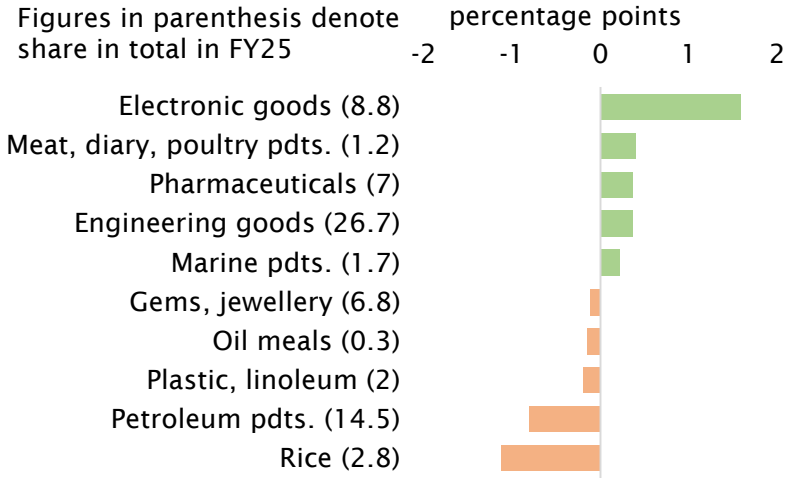



## Non-core exports fell y-o-y, core exports growth eased

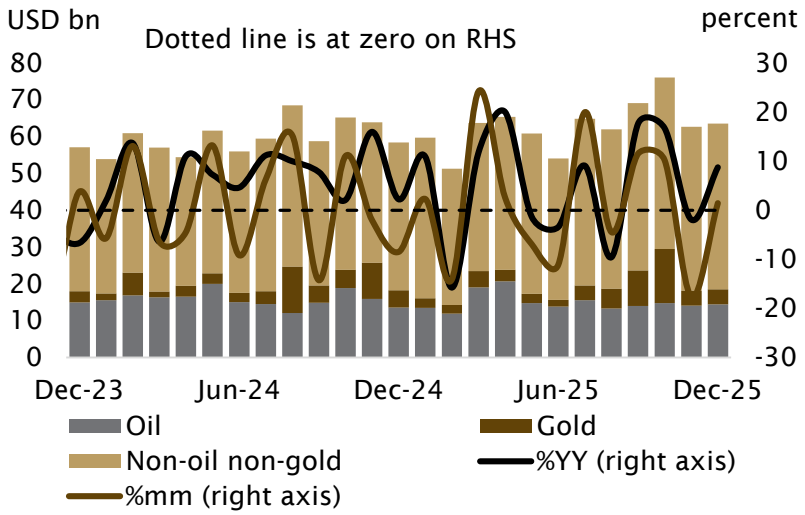


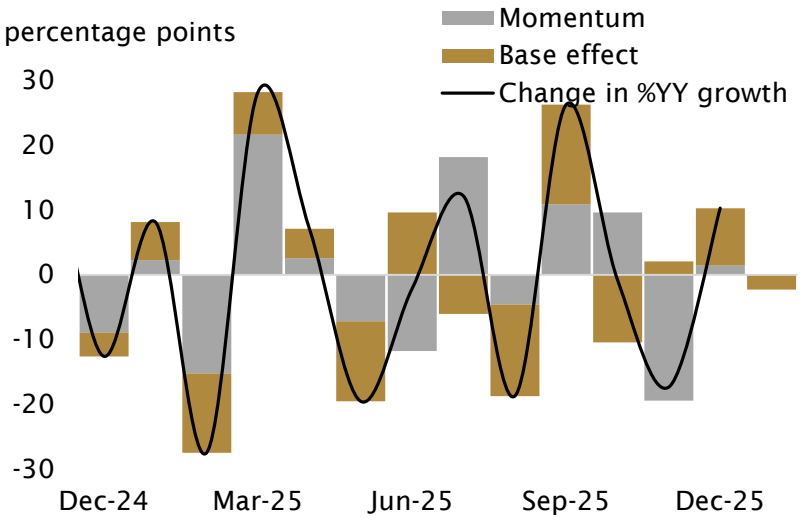

## Contribution to exports growth – Dec 2025



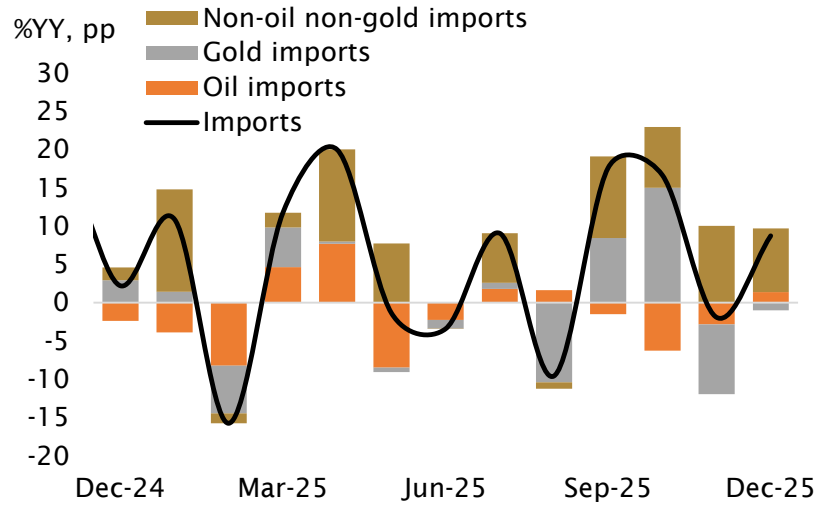
# Imports rose y-o-y after declining in Nov amid continued double-digit growth in core imports, rebound in oil imports

## Imports rose month-on-month after decreasing in Nov; base effect further enabled year-on-year growth




## Core, oil imports offset continued fall in gold imports

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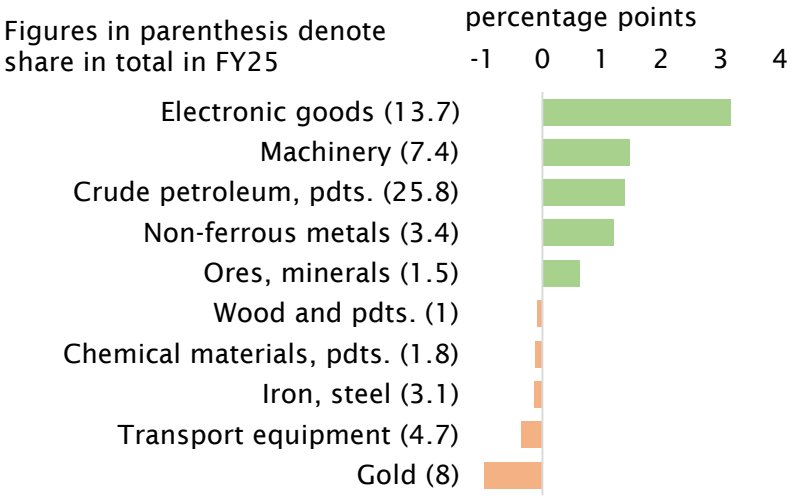
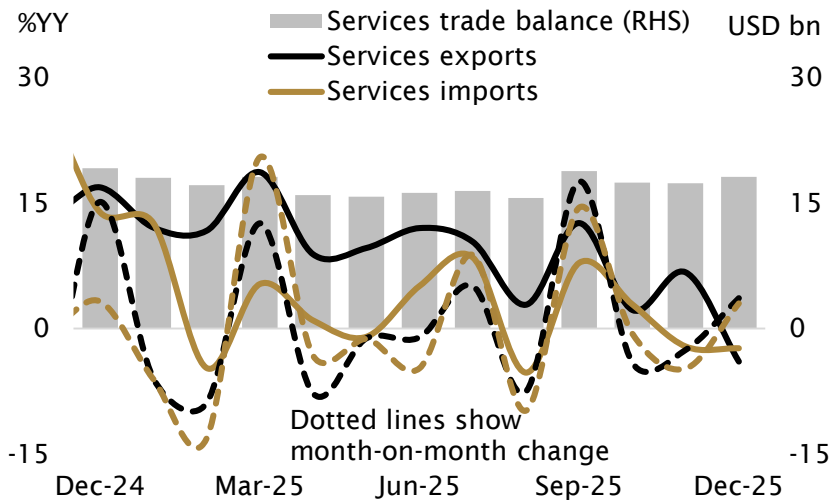
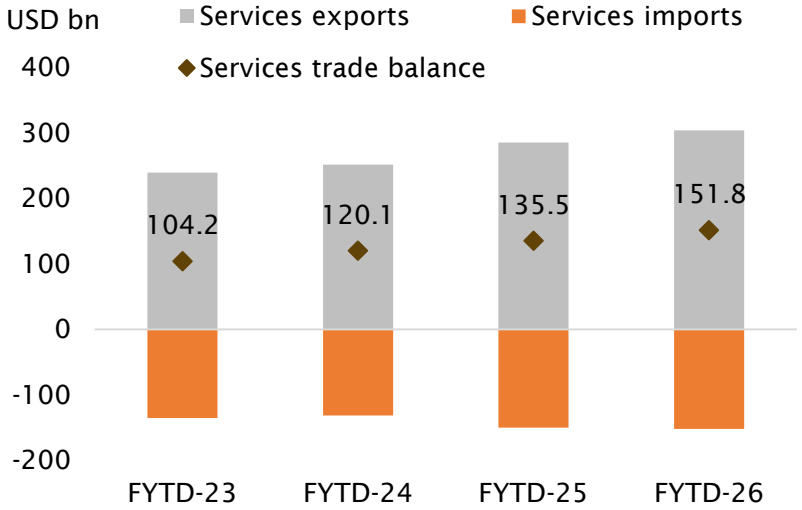


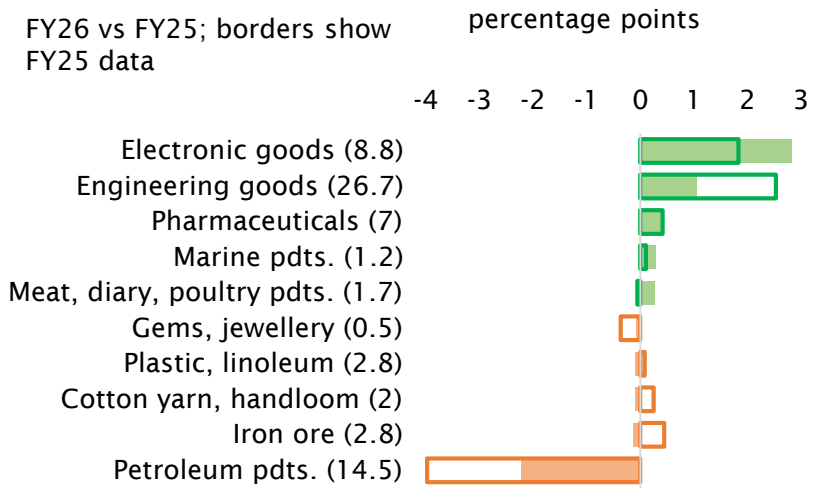
# Services exports fell y-o-y for first time since Apr-2024 due to negative base effect; FYTD surplus continued to improve

## Services trade surplus improved in Dec amid slightly higher sequential exports growth than imports

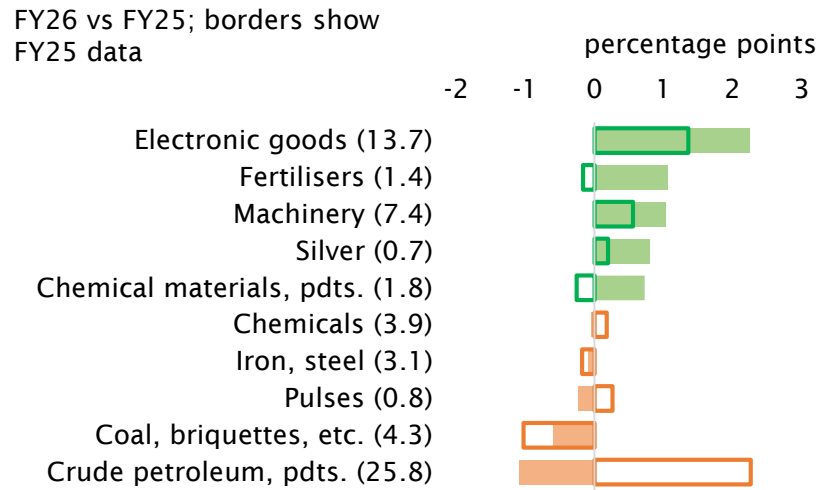



## Contribution to %YY goods exports growth – Apr-Dec




## Contribution to %YY goods imports growth – Apr-Dec



# Merchandise trade deficit remained the steepest vis-à-vis China in Apr-Nov; deficit vis-à-vis Russia narrowed

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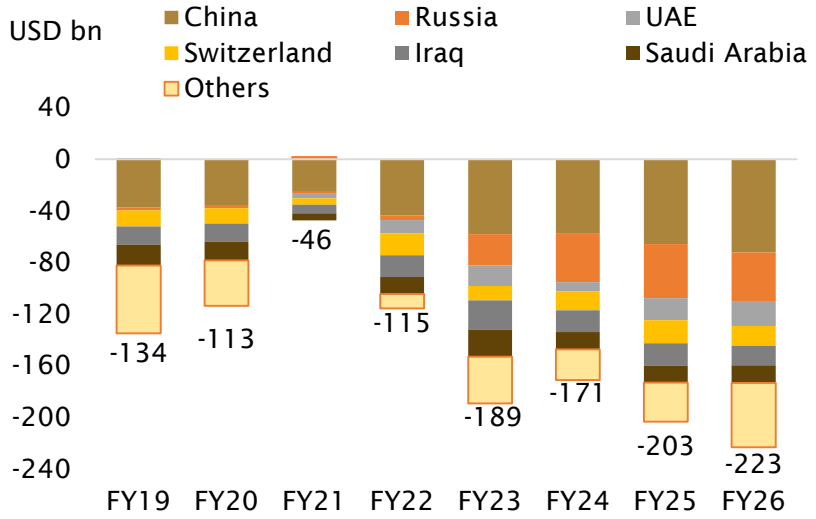
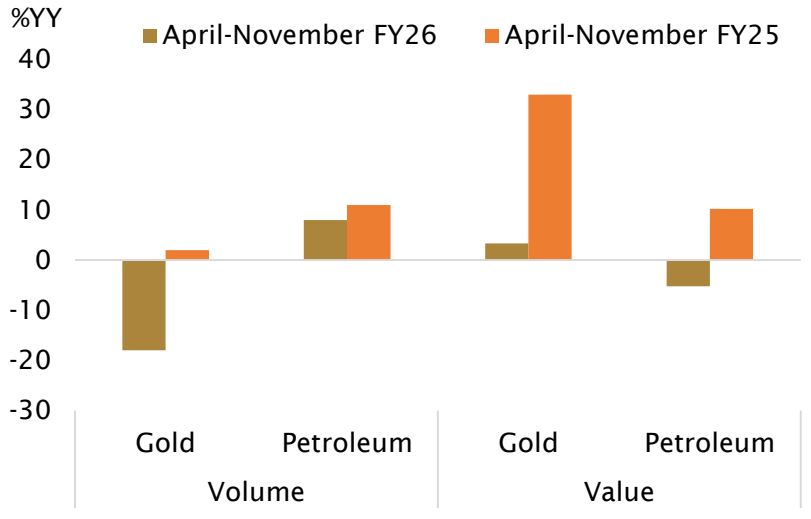
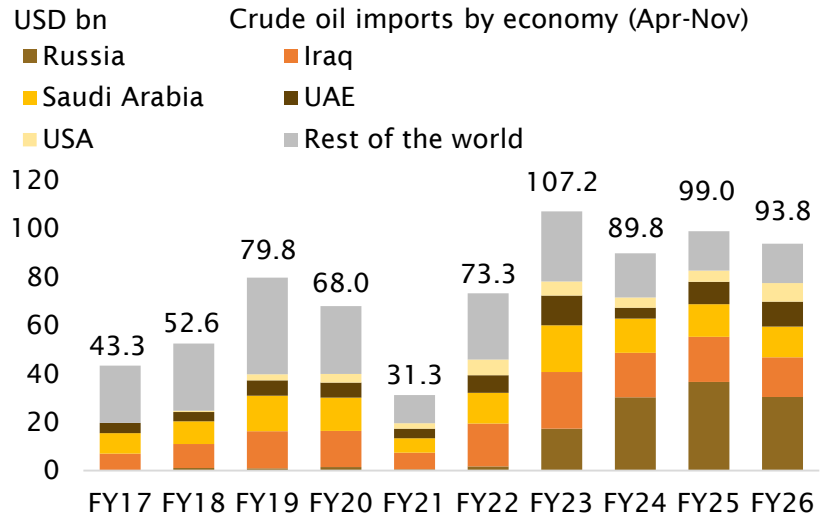
## Trade deficit by economy – fiscal year-to-date (Apr-Nov)

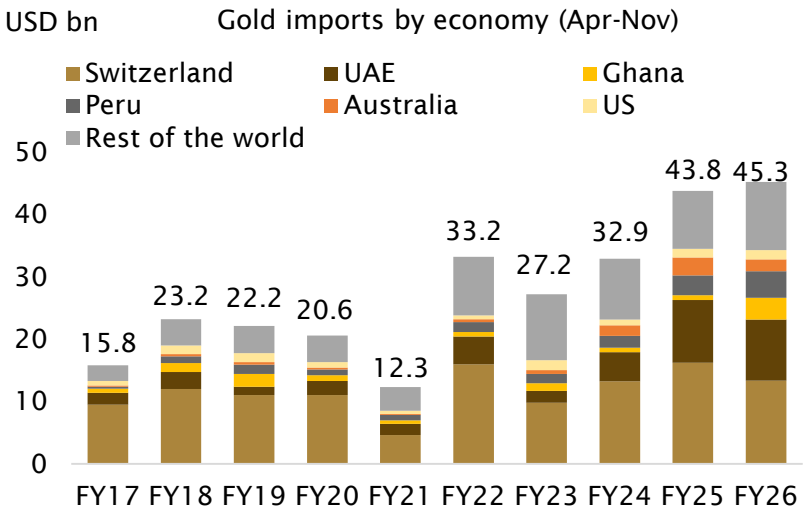



## Gold, oil imports by value-volume FYTD FY26 vs FY25



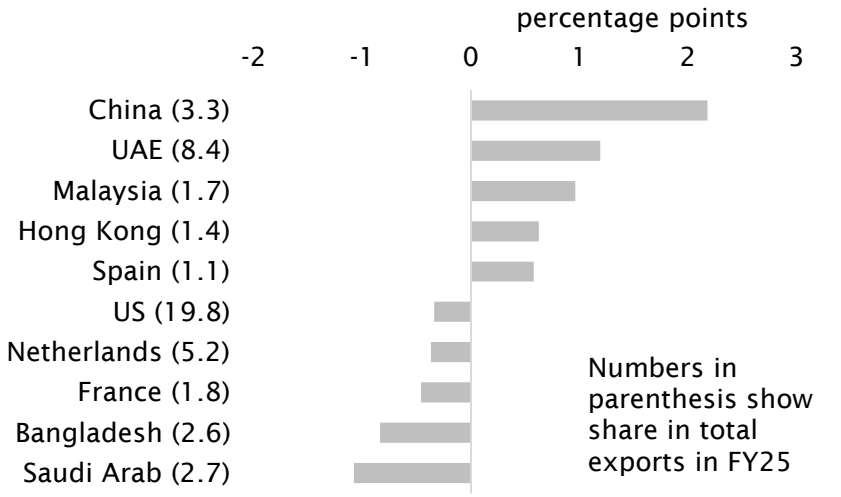

## Share of oil imports from Russia, gold imports from Switzerland reduced in FYTD FY26 but remained at or above 30%



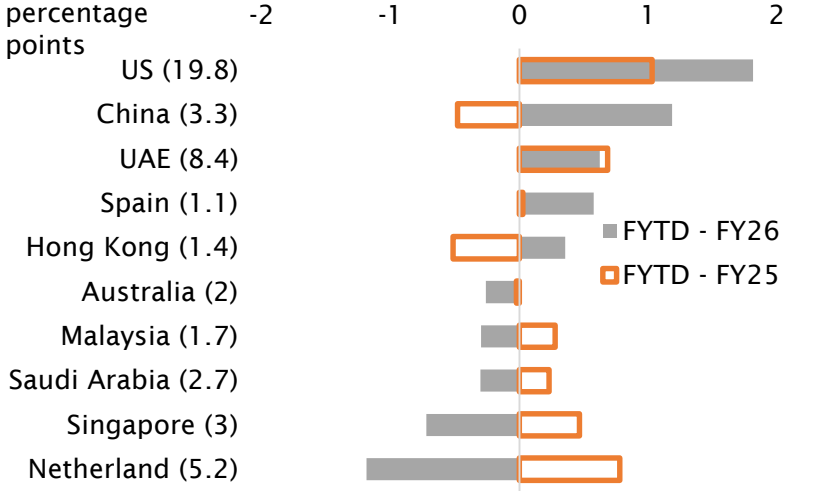



# China added the most to imports growth in Dec and FYTD terms; exports to the US, China drove higher growth in Apr-Dec FY26

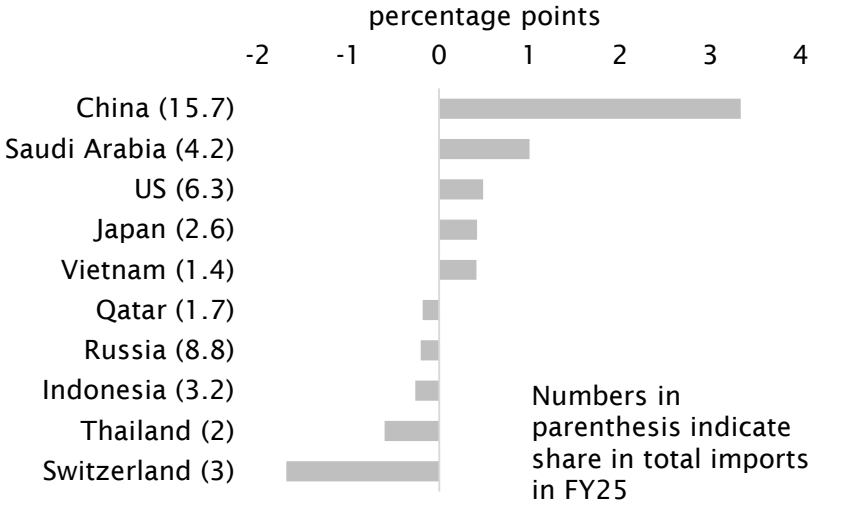
## Contribution to year-on-year export growth – Dec 2025



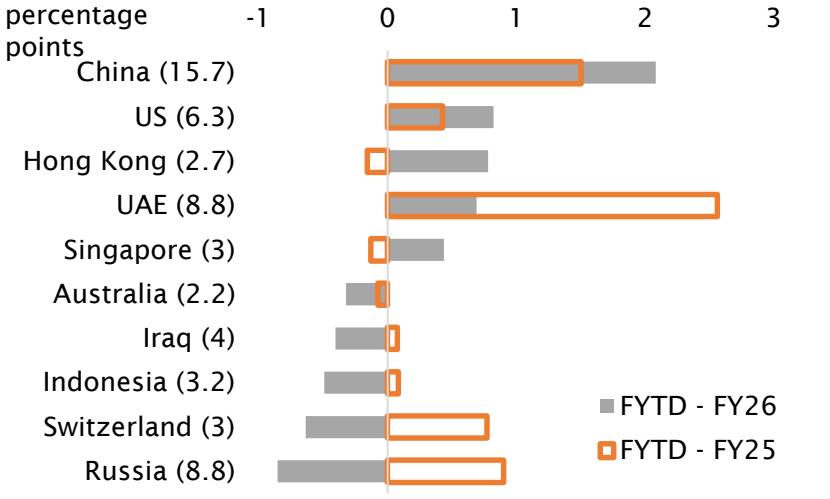

## Contribution to y-o-y export growth – Apr-Dec FY26




## Contribution to year-on-year import growth – Dec 2025

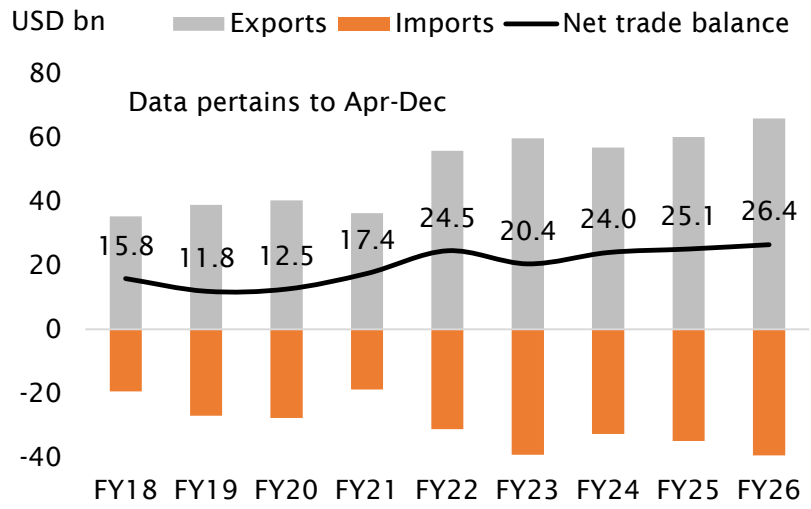


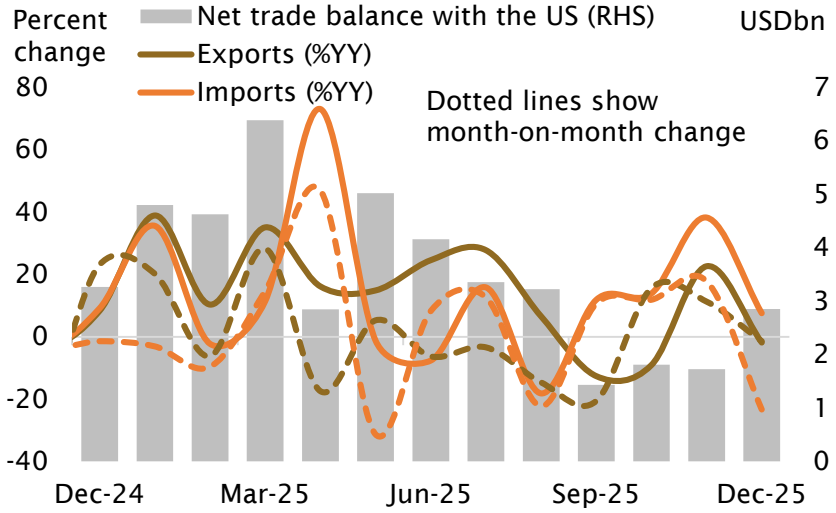

## Contribution to y-o-y import growth – Apr-Dec FY26



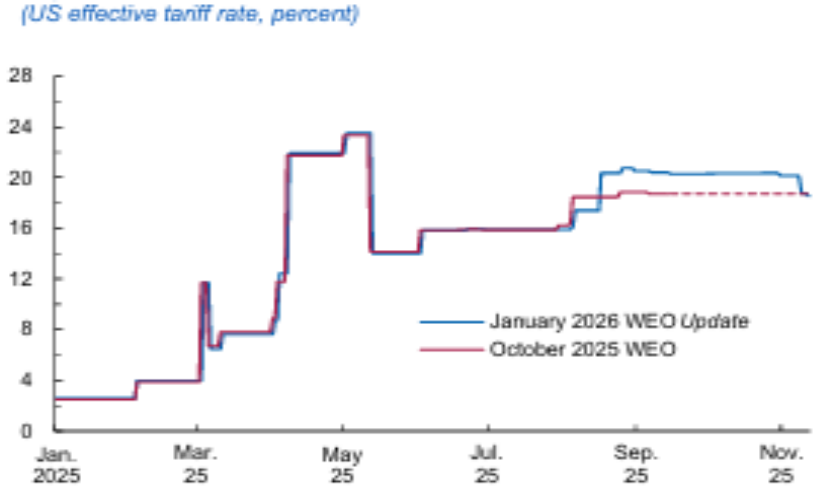
# India-US trade surplus held up FYTD, as frontloading of exports partly offset ~1%YY contraction in Sep-Dec FY26

India-US trade surplus rose in Dec amid m-o-m decline in exports and imports, with imports falling at a sharper rate

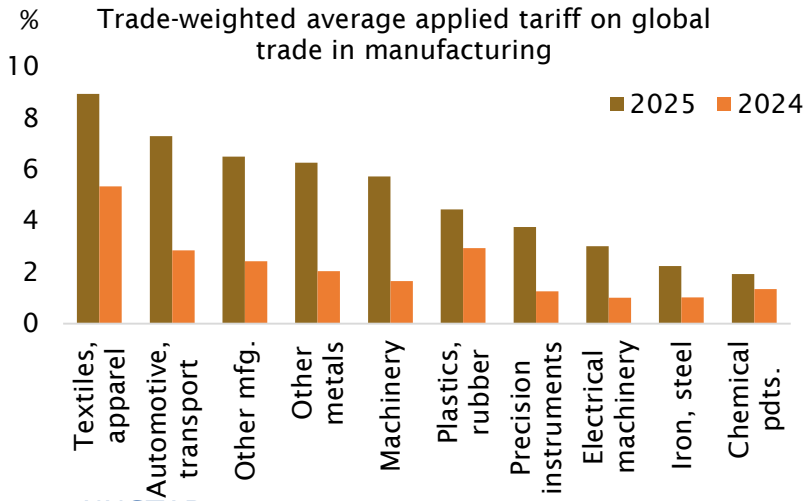



Removal of some US tariffs offset recently implemented ones; global tariffs rose in 2025, especially in mfg. sectors




Source: IMF WEO Jan 2026 update




Source: UNCTAD

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