

Framework trade deal with US likely by year-end: Govt

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India is hopeful of finalising a “framework trade deal” with the United States by the end of this year, addressing the reciprocal tariff issue weighing on Indian exports, said Commerce Secretary Rajesh Agrawal on Friday.

The agreement, however, he said, would be “meaningful” for Indian exporters only if it tackled both sets of levies introduced in August — the 25 per cent reciprocal tariff and a further 25 per cent duty linked to India’s purchases of Russian oil. “We are close; we have tried to iron out most of the issues,” he said at the 98th Ficci annual meeting.

“It is only a matter of time before this decision is taken... It’s a call that will have to be taken at multiple levels,” said Agrawal. “...There is not much to negotiate. There are very few issues and a political call needs to be taken about some of them.”

In February, Prime Minister Narendra Modi and US President Donald Trump had announced the intention to finalise the first tranche of a mutually beneficial trade deal (Bilateral Trade Agreement, or BTA) by the fall of 2025, a target now appearing increasingly uncertain.

Agrawal said talks with the US were moving in parallel on two tracks: The broader BTA, which will take longer, and the framework deal that would address the 50 per cent tariff burden on exporters. “...These are two separate parallel negotiations going on, but one will feed into the other. What needs to come first is the framework trade deal which is able to address the reciprocal tariffs,” said the commerce secretary. However, India will continue to stand for its sensitivities, and its non-negotiables.

At the same event, Commerce and Industry Minister Piyush Goyal spoke of the need for reliable partners in an increasingly edgy trade landscape. “We have all seen trade being weaponised. We have all seen the importance of having trusted partners around the world,” he said, noting that India is simultaneously in talks with “about 50” countries or blocs.

Goyal added that the six-nation Gulf Cooperation Council was showing renewed interest, with negotiations with Oman nearly finished and Bahrain and Qatar stepping forward.



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Commerce secretary

Manufacturing muscle lifts Q2 growth to 6-qtr high of 8.2%

Prime Minister Narendra Modi called the Q2 numbers “very encouraging”. “It reflects the impact of our pro-growth policies and reforms. It also reflects the hard work and enterprise of our people. Our government will continue to advance reforms and strengthen Ease of Living for every citizen,” he posted on X.

Union Finance Minister Nirmala Sitharaman said the GDP estimates show “robust economic growth and momentum”, adding that the government remains committed to reforms that support long-term expansion. “The growth has been driven by sustained fiscal consolidation, targeted public investment, and various reforms that have strengthened productivity and improved ease of doing business. Various high-frequency indicators also point to continued economic momentum and broad-based consumption growth,” she said.

In the September quarter, the services sector grew 9.2 per cent, led by financial, real estate and professional services (10.2 per cent) and public administration, defence and other services (9.7 per cent). However, growth in trade, hotels, transport and communication, the largest services component, slowed sequentially to 7.4 per cent in Q2.

Manufacturing recorded its strongest performance in

six quarters at 9.1 per cent, while utility services, including electricity, gas and water supply, grew a robust 4.4 per cent, rebounding from 0.5 per cent in the June quarter. Agriculture expanded 3.5 per cent in Q2, slightly below the 3.7 per cent recorded in Q1.

Net exports posed a larger drag in Q2 than in Q1, as overall exports (merchandise and services) rose only 5.6 per cent, despite front-loading of shipments to the US, while imports surged 12.8 per cent.

On the expenditure side, private spending accelerated to a three-quarter high of 7.9 per cent, signalling stronger rural demand, while government spending contracted 2.7 per cent in the quarter. Investment demand, measured by gross fixed capital formation, rose a solid 7.3 per cent, though at a slightly slower pace than the 7.8 per cent seen in Q1FY26.

Rajani Sinha, chief economist at CareEdge Ratings, said that despite the stronger-than-expected Q2 print, the RBI could still cut rates at the Monetary Policy Committee meeting next week. “The very low inflation currently would give the RBI the opportunity to cut rates as growth moderates in the second half of the year and trade-related uncertainties linger. The RBI will also consider that part of the high growth in H1FY26 is due to statistical factors,” she added.

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New Delhi has already implemented a comprehensive pact with the UAE and is in discussions from the Gulf to New Zealand, reflecting its widening search for dependable trading partners.

“We are in active dis-

cussions with the US and with the 27-nation European Union,” said the minister. Agrawal in his address noted that talks with the European Union are “in the last lap” and could be wrapped up by January 2026.

Talks between New Delhi and Washington are on virtually and on a regular basis, Agrawal said. Negotiations were launched in March and till now half a dozen rounds of negotiations have been held, with the last informal round being from 15-17 October in Washington. A team of officials from Washington may travel to New Delhi for further discussions.

Despite the lack of a deal and high tariffs, India’s exports to the US have risen by \$10 billion this year, said the official. The industry is working towards diversification to deal with the tariffs.

At home, though, the trade deficit widened to a record

\$41.68 billion in October as gold imports trebled and outbound shipments dropped the most in 14 months. The commerce secretary, however, said the deficit was not yet “in the worrying zone”. “If you look deep down, one of the key drivers for the trade deficit in October was precious metal imports. The pent-up demand was met in October, and that led to an increase in deficit. Two, we had comparatively lower energy prices impacting the trade deficit on the positive side, but very high precious metal prices, impacted the trade deficit on the higher side,” he added.

With inputs from PTI

India-Canada trade deal talks from next week

India and Canada will open discussions next week to resume formal negotiations for the Comprehensive Economic Partnership Agreement (CEPA), said Commerce and Industry Minister Piyush Goyal. The move follows a meeting between Prime Minister Narendra Modi and his Canadian counterpart, Mark Carney, last Sunday on the sidelines of the G20 Summit in Johannesburg, where the two leaders agreed to deepen cooperation in trade, investment, technology and innovation, energy, education, defence and the space sector. Talks are poised to restart after a hiatus of more than two years, during a period marked by a strained bilateral relationship.

New GDP series to spur IMF rating upgrade

The IMF staff, in their appraisal, said these changes will enhance transparency and are expected to help boost the accuracy of GDP measurement “by mitigating over- or underestimating economic activity due to, for example, the use of an outdated structure of relative prices”. They added that the use of double deflation techniques using producer price indices would help improve volume estimates further.

Stressing that enhanced quality, availability, and timeliness of macroeconomic and financial statistics would aid India’s policy formulation, the Fund staff advised India to conduct regular benchmark revisions of national accounts, prices and other data sets in line with international best

practices.

“Priority should be given to conducting the population census, last completed in 2011/12, given its importance in ensuring that surveys remain representative. Other opportunities for improvement of the statistical base include the timely provision of consolidated general government fiscal accounts, expanding the available data on NBFCs, and increasing timeliness and granularity of data on systemic linkages across financial institutions,” it concluded.

The changes in the statistical framework take care of some of the IMF’s concerns behind the ‘C’ rating for India’s national accounts — such as an outdated base year of 2011-12, excessive use of single deflation methods that may