

TRADE DEFICIT AT AROUND \$200 MILLION

Auto gears sector posts 6.8% growth in H1FY26

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THE DOMESTIC AUTO component industry grew 6.8% year-on-year to \$41.2 billion during the April-September period of FY26, according to industry body Automotive Component Manufacturers Association of India (ACMA).

However, the trade balance came under pressure as imports rose faster than exports. Imports increased 11.5% to \$12.3 billion, outpacing a 9.3% rise in exports to \$12.1 billion, resulting in a trade deficit of around \$200 million.

Exports were impacted mainly by weaker shipments to the US, where automakers deferred fresh orders from Indian suppliers following the imposition of steep tariffs by US President Donald Trump last year. At the same time, component imports from China rose sharply amid restrictions on the export of key raw materials, further widening the gap.

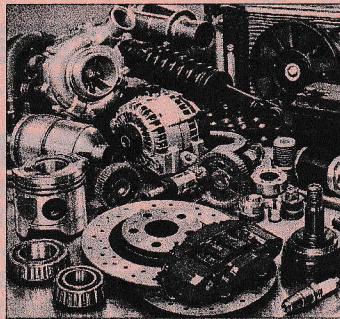
"All are aware of the headwind that we have in exports. Yet, the exports did well. But this time, there has been a trade deficit compared to the

UNDER PRESSURE

Industry performance for H1FY26

■ H1 FY25 ■ H1 FY26 (\$ bn)

▲ Growth (%)



trade surplus that we had last year," Vinnie Mehta, director general, ACMA, said.

The industry had recorded a trade surplus of \$150 million in the year-ago period (H1FY25), while the full financial year 2025 ended with a surplus of \$453 million.

"I must qualify here that in the first six months, the supply to the US has remained the same. It's been very steady. And that's because the impact of Trump tariffs would be felt more in the second half than in the first half," Mehta said.

Exports to North America declined marginally by \$30 million during the period, while imports from Asia

surged by \$1.1 billion. Data showed that India's component exports to the US stood at \$3.12 billion in April-September 2025, compared with \$3.10 billion in the year-ago period. Imports from China, meanwhile, rose to \$4.05 billion from \$3.27 billion.

Auto components shipped from India to the US are now subject to a flat 25% tariff. About 55% of India's auto component exports to the US—mainly car parts—were earlier covered under Section 232 tariffs, while commercial vehicle and off-highway parts faced additional reciprocal tariffs that pushed duties as high as 50% in some cases.