

AFTER 41-MONTH HIGH IN NOVEMBER...

Tariffs Drag Export Growth in Dec

Goods trade deficit widens to \$25.04 b YoY; electronics, pharma shipments lead charge

Our Bureau

New Delhi: India's goods trade deficit widened to \$25.04 billion in December from \$20.63 billion a year ago as export growth slowed to 1.86% from a 41-month high of 19.38% in November, official data released Thursday showed. Exports to the US, India's top destination, declined a marginal 1.83% in December to \$6.89 billion amid the 50% tariffs imposed in August.

India's overall outbound shipments rose 1.86% to \$38.51 billion in December while imports grew 8.8% to \$63.55 billion. Compared to November, exports were up 0.99% last month.

"Despite all the challenges we have been facing, we have maintained positive growth. With this trajectory, exports of goods and services are likely to cross \$850 billion

compared to \$824 billion last fiscal," commerce secretary Rajesh Agrawal said.

In April-December FY26, goods exports increased 2.44% to \$330.29 billion. The growth was propelled by sectors such as electronics, pharmaceuticals, meat and dairy, marine products, and engineering goods, while exports of petroleum products, gems and jewellery, leather and cotton yarn contracted. Of the 30 key export sectors, 17 registered growth in December.

"In the US, we are still holding on as there is more focus on areas where tariffs are low," Agrawal said. "Where tariffs are more, exporters are showing more resilience and holding on to supply chains... US exports have grown on-year in the first nine months of the (fiscal) year." Officials said that trade diversification is helping India's marine and pharma exports.

Marine exports to Russia and Canada have grown.

"This performance is particularly encouraging given the volatility in global trade flows, and reflects the effectiveness of government initiatives aimed at boosting exports, including policy continuity, export facilitation measures, improved logistics, digiti-

India, US Talks Near Trade Pact



India and the US are very close to a trade agreement and it would materialise when both sides are ready, commerce secretary Rajesh Agrawal said Thursday but stopped short of putting a deadline. >>> 5

sation of trade processes and focused support to MSME exporters," said SC Ralhan, president, Federation of Indian Export Organisations (FIEO).

Engineering exports rose 1.28% on-year in December while electronics were up 16.8%.

"It is quite encouraging to see engineering goods exports recording positive albeit marginal, during the month of December 2025 in spite of ongoing global uncertainties," said Pankaj Chadha, chairman of Engineering Export Promotion Council of India.

Smartphone exports rose 43.7% to \$18.8 billion during the April-November period this fiscal year with the US being the major destination for the shipments, followed by the UAE, China, Portugal and Spain.

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Gold imports fell 12.8% on-year in December to \$4.13 billion.

The US, UAE and China were the top three export destinations in April-December FY26. Goods exports to China were up 36.68% on-year and to the US up 9.75% in the first nine months of the fiscal.

India's export growth to China was welcome although it was not due to any particular strategy, Agrawal said.

"The overall recalibration of supply chains in the world is helping India in increasing its exports to China," he said.

The export increase to China was driven by several products, such as oil meals, marine products, telecom instruments and spices.

"While demand in key international markets such as the US has been uneven due to inflationary pressures and geopolitical uncertainties, Indian apparel exporters have managed to hold ground through product diversification, improved compliance, and a stronger focus on value-added segments," said A Sakthivel, chairman, Apparel Export Promotion Council. "Looking ahead, we are cautiously optimistic about the growth prospects of India's RMG (ready-made garments) exports this year. With global demand expected to improve gradually, India is well-positioned to gain market share."

FTA PROGRESS

India and Canada are engaged in finalising terms of reference (ToR) to formally start negotiations for a free trade agreement (FTA), Agrawal said.