

Merchandise exports rose 1.8% in December

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India's merchandise exports rose 1.8 per cent year-on-year to \$38.51 billion in December amid global economic uncertainties, according to data released by the commerce department.

Inbound shipments grew 8.8 per cent to \$63.55 billion. The trade deficit widened to \$25 billion, compared with \$20.63 billion in December 2024 and \$24.53 billion in November.

Exports to the US contracted 1.8 per cent to \$6.89 billion in December. However, on a cumulative basis, outbound shipments to the US stood at \$65.87 billion during April–December, marking 9.7 per cent growth over the same period last year.

Commerce Secretary Rajesh Agrawal said that India has managed to "hold on well" in exports to the US despite the imposition of 50 per cent tariffs affecting 55 per cent of exports. "One of the key reasons has been electronics exports to the US, as they are not covered under the additional tariffs. Going forward, we hope to remain in positive territory," Agrawal told reporters in a briefing on Thursday. He acknowledged, however, that the 50 per cent tariff would "stress" sectors such as textile and leather. "The government will closely examine sectoral data when it becomes available in the coming weeks," he added.

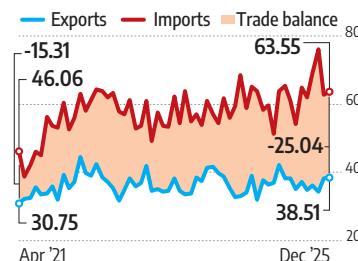
"High tariffs must be putting strain on supply chains to the US... To mitigate challenges in our export supply chain, we need to make them more resilient. The best way to do this is to reduce dependence on one particular geography. That is what textile manufacturers are doing, which is why they can increase numbers despite the tariffs," he said.

Services exports contracted 3.97 per cent to \$35.5 billion in December, mainly due to a high base. Services imports also declined 2.35 per cent to \$17.38 billion, resulting in a surplus of \$18.12 billion. December's services trade data is an "estimate" and will be revised based on the Reserve Bank of India's subsequent release.

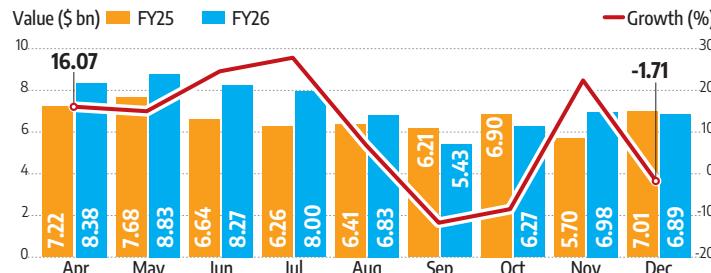
Cumulative exports, including merchandise and services (April–



Widening trade deficit



Exports to US contracted



Source: Department of Commerce

India-US 'very near' finalising trade deal

India and the US are 'very near' to finalising the trade agreement, and it would be announced when both sides are ready, commerce Secretary Rajesh Agrawal said, adding that both sides are discussing virtually all pending issues. "It is very near, but we can not put a deadline because that will happen...when both sides are ready and they feel that this is the right time to announce," he said. In the last week of December, Commerce and Industry Minister Piyush Goyal held a virtual meeting with US Trade Representative Jamieson Greer.

As far as the US's announcement to impose a 25 per cent tariff on countries doing business with Iran, he said that India's trade with Iran is limited which largely include food products and pharmaceuticals.

"We are looking at the announcement made by the US President. We are awaiting details," he said.

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December), rose 4.33 per cent to \$634 billion, while cumulative imports grew 4.94 per cent to \$730.84 billion, leading to a total trade deficit of \$96.58 billion.

Agrawal told reporters that goods and services exports are expected to exceed \$850 billion in 2025-26 (FY26). Of this, merchandise exports are expected to surpass \$450 billion for the financial year. During April–

December, merchandise exports grew 2.44 per cent to \$330.29 billion.

Rahul Agrawal, senior economist at Icra, said the merchandise trade deficit widened sharply to a higher-than-expected \$25 billion in December, amid sustained double-digit growth in non-oil, non-gold imports, even as export growth remained muted at 1.8 per cent for the month.