

# Exports grew 6.7% in Aug despite Trump tariffs

## But shipments to US hit 9-mth low

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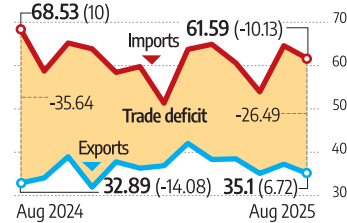
Outbound shipments from India grew 6.7 per cent year-on-year (Y-o-Y) to \$35.1 billion in August, despite global uncertainties and steep double-digit tariffs imposed by the US on several Indian goods.

The growth in merchandise exports was partly due to a low base of \$32.9 billion in August 2024. Sequentially, however, exports contracted 5.7 per cent from \$37.24 billion in July.

According to data released by

## Gap narrows

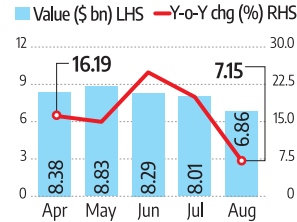
Merchandise trade (\$ bn); figures in brackets show Y-o-Y growth (%)



the Department of Commerce on Monday, exports to India's largest market — the US — rose 7.15 per cent Y-o-Y to \$6.86 billion, despite the imposition of a 25 per cent recipro-

## On the decline

Exports to the US in FY26 so far



Source: Department of Commerce

cal tariff from August 7. However, exports to the US plummeted to a nine-month low in August.

Effective August 27, the US imposed an additional 25 per cent

tariff, taking the total levy to 50 per cent. Experts said the full impact of this levy would be reflected from September.

Aditi Nayar, chief economist at Icria, said the penalty was likely to drive down exports to the US materially in September, which would lead to a sharp fall in overall exports and a widening of trade gap.

On the import side, merchandise inflows contracted 10.13 per cent to \$61.59 billion in August, mainly due to a 57 per cent Y-o-Y decline in gold imports compared to last year. As a result, India's trade deficit narrowed to \$26.49 billion, down from a record \$35.64 billion in August 2024 and from \$27.35 billion a month ago.

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# Exports grew 6.7% in Aug

Services exports rose 12.18 per cent to \$34.06 billion in August, while imports of services grew 6 per cent to \$17.45 billion, resulting in a surplus of \$16.61 billion. Services trade data for August, however, is an “estimate”, which will be revised based on the Reserve Bank of India’s subsequent release, the Department of Commerce said.

Commerce Secretary Sunil Barthwal told reporters that exports have performed well despite global uncertainties. “It shows that the government’s policies have played up well. The recently announced goods and services tax-related reforms will boost competi-

tiveness,” he noted.

Non-petroleum, non-gems and jewellery exports, an indicator of underlying trade health, grew 6.1 per cent to \$28.31 billion. The main drivers were engineering goods (4.91 per cent), electronics (25.93 per cent), drugs and pharmaceuticals (6.94 per cent), and organic and inorganic chemicals (3.76 per cent).

“India’s merchandise trade deficit printed at \$26.5 billion in August, higher than the average of \$23.7 billion seen during April-July, albeit significantly lower than the year-ago level of \$35.6 billion, which had been driven by an unusual surge in gold imports,” Nayar said.