

India Trade Data Dec 2025

“India’s Merchandise exports inched up 1.86% YoY in Dec 2025 as Global headwinds persists”

India’s merchandise trade data for December 2025 reflects a moderate improvement in exports alongside a firmer rise in imports, indicating resilient domestic demand but uneven external conditions.

Exports rose by 1.86% YoY to USD 38.51 billion in Dec 2025, compared with USD 37.80 billion in Dec 2024, while on a cumulative basis, exports increased by 2.44% during Apr-Dec 2025 over Apr-Dec 2024. Export growth was primarily supported by strong shipments to China, Spain, Hong Kong, Vietnam and the UAE, driven by electronics, engineering goods, pharmaceuticals and select labour-intensive products, even as exports to traditional markets such as the UK, EU and Saudi Arabia remained subdued due to weak global demand and inventory adjustments.

On the import side, imports expanded by 8.76% YoY to USD 63.55 billion in Dec 2025, up from USD 58.43 billion in Dec 2024, while cumulative imports rose by 5.90% during Apr-Dec 2025. The increase was led by higher imports from China, ASEAN economies, the US and Japan, reflecting robust domestic demand for electronics, machinery, metals and energy products. However, imports from Switzerland, Russia, Indonesia and Australia declined, partly due to commodity price movements, sourcing diversification and lower precious metal imports. Overall, the data suggests export growth remains market-specific, while import momentum continues to be driven by domestic consumption and investment needs.

Month-on-Month (MoM) Context: Merchandise exports in Dec’25 (\$38.51 bn) edged higher compared to Nov’25’s strong exports (\$38.13 bn), suggesting stabilization after volatility in preceding months. Meanwhile, imports also rose sequentially from Nov’25 (\$62.66 bn) to Dec’25 (\$63.55 bn), consistent with increased economic activity and inventory restocking ahead of year end.

Merchandise Imports - Key Highlights (Dec 2025) 8.76% YoY growth

Cotton raw & waste surged sharply by +212.44%, indicating higher raw material demand. Silver imports rose significantly by +79.66%, reflecting price movements and investment demand. Non-ferrous metals increased by +40.28%, aligned with industrial and infrastructure activity. Metalliferous ores & other minerals grew by +32.64%, supporting manufacturing and metals production. Vegetable oil imports rose by +27.76%, reflecting domestic supply-demand gaps. Electronic goods increased by +22.20%, highlighting sustained demand for electronics and components. Pearls & precious stones rose by +21.37%, partly due to restocking and price effects. Fertilisers (crude & manufactured) increased by +20.05%, driven by agricultural demand. Machinery (electrical & non-electrical) grew by +18.44%, signalling ongoing capex and industrial activity. Project goods rose by +19.59%, indicating infrastructure-related imports.

Gold imports declined by -12.08% YoY, easing pressure on the import bill. Transport equipment fell by -7.11%. Chemical material & products declined by -6.23%. Iron & steel imports decreased by -4.48%.

Overall assessment: Import growth in December 2025 was broad-based, led by raw materials, metals, electronics, machinery and agri-inputs, reflecting strong domestic demand and investment activity. The decline in gold and select manufactured items helped partly offset the rise in industrial and commodity-linked imports, providing some relief to the trade deficit.

Commodities - Rising YoY (Dec’25 Vs Dec’24)	Commodities - Falling YoY (Dec’25 Vs Dec’24)
<ul style="list-style-type: none"> Cotton raw & waste (+212.44%) Silver (+79.66%) Non-Ferrous metals (+40.28%) Metalliferous ores & other minerals (+32.64%) Vegetable oil (+27.76%) Electronic goods (+22.20%) Pearls & precious stones (+21.37%) Fertilisers, crude & Manufactured (+20.05%) Project goods (+19.59%) Machinery, electrical & non-electrical (+18.44%) Sulphur & unroasted Iron pyrites (+17.06) Professional instruments, optical goods (+15.15%) 	<ul style="list-style-type: none"> Gold (-12.08%) Leather & Leather products (-8.93%) Wood & wood products (-8.82%) Transport equipment (-7.11%) Chemical material & products (-6.23%) Iron & Steel (-4.48%) Textile yarn Fabric, made-up articles (-2.92%) Pulses (-2.87%) Organic & Inorganic chemicals (-2.30%) Machine Tools (-1.42%) Artificial resins, plastic materials etc (-1.22%)

Economic Research Vertical

16th January 2025

<ul style="list-style-type: none"> Coal, coke & Briquettes (+14.46%) Fruits & Vegetables (+12.49%) Medicinal & Pharma products (+10.31%) Dyeing/tanning/colouring materials (+8.23%) Petroleum crude & products (+5.96%) 	
---	--

Top Commodities - Rising YoY (Apr'25-Dec'25 Vs Apr'24-Dec'24 % change)	Top Commodities - Falling YoY (Apr'25-Nov'25 Vs Apr'24-Dec'24 % change)
<ul style="list-style-type: none"> Sulphur & unroasted Iron pyrites (+147.06) Silver (+128.95) Cotton raw & waste (+80.31%) Fertilisers, crude & Manufactured (+71.22%) Chemical material & products (+44.35%) Metalliferous ores & other minerals (+29.25%) Electronic goods (+17.05%) Project goods (+16.84%) Fruits & Vegetables (+16.28%) Machine Tools (+15.55%) Non-Ferrous metals (+14.17%) Machinery, electrical & non-electrical (+14.14%) Professional instruments, optical goods (+11.99%) Vegetable oil (+9.08%) Medicinal & Pharma products (+7.58%) Textile yarn Fabric, made-up articles (+6.29%) Pearls & precious stones (+5.51%) Gold (+1.83%) 	<ul style="list-style-type: none"> Pulses (-33.33%) Newsprint (-27.05%) Coal, coke & Briquettes (-13.57%) Leather & Leather products (-9.04%) Petroleum crude & products (-4.25%) Iron & Steel (-3.10%) Dyeing/tanning/colouring materials (-2.29%) Pulp & waste paper (-1.90%) Wood & wood products (-1.66%) Organic & Inorganic chemicals (-1.34%) Transport equipment (-0.33%) Artificial resins, plastic materials etc (-0.13%)

Imports - Countries with Rising Imports (Dec-25 Vs Dec-24 YoY % change):

- Vietnam (+31.35%), Saudi Arabia (+28.85%), China (+20.01%), Malaysia (+18.16%), Japan (+16.07%), Singapore (+12.55%), Korea (+10.50%), USA (+7.57%), Hong Kong (+5.54%)

Imports- Countries with Rising Imports (Apr'25-Dec'25 Vs Apr'24-Dec'24 % change):

- Hong Kong (+29.28%), Thailand (+17.25%), Singapore (+15.17%), USA (+12.85%), Japan (+13.63%), China (+13.46%), UK (+14.33%), Malaysia (+7.05%), UAE (+8.26%)

Import growth remains concentrated in China, ASEAN economies, US and Japan reflecting strong demand for electronics, machinery energy and intermediates.

Countries with Declining Imports (Dec-25 Vs Dec-24 YoY, % change):

- Switzerland (-62.50%), Thailand (-26.74%), Indonesia (-9.54%), Qatar (-9.21%), Germany (-5.09%), Russia (-2.77%), Taiwan (-2.83%)

Countries with Declining Imports (Apr'25-Dec'25 Vs Apr'24-Dec'24, % change):

- Taiwan (-19.24%), Switzerland (-17.14%), Indonesia (-15.09%), Australia (-14.61%), Iraq (-10.07%), Russia (-9.41%)

Sharp contraction in imports from Switzerland and selective slowdown from Russia, Indonesia and Australia suggests commodity specific and sourcing related adjustment.

Merchandise Exports - Key Highlights (Dec 2025) 1.86% YoY growth

Other cereals recorded the highest growth at +85.83%, supported by improved global demand and competitive pricing. Coffee exports surged +53.12%, benefiting from higher international prices and strong shipments. Iron ore exports rose sharply by +50.02%, aided by improved offtake and price support. Meat, dairy & poultry products grew +30.16%, reflecting rising demand from key overseas markets. Tobacco exports increased by +17.15%. Electronic goods registered strong growth of +16.78%, led by expanding electronics manufacturing and exports. Marine products rose +11.73%, supported by higher volumes and better realizations. Mica, coal & other ores including processed minerals grew +12.07%. Handicrafts (excluding handmade carpets) increased by +7.20%. Drugs & pharmaceuticals recorded steady growth of +5.65%. Tea exports grew +5.39%.

Exports showing YoY contraction: Oil meals declined sharply by -42.59%, reflecting weak global demand and price pressures. Rice exports fell -29.77%, partly due to export restrictions and global price competition. Jute manufactures (including floor coverings) declined -21.71%. Petroleum products fell -6.49%, reflecting lower global prices and volumes. Fruits & vegetables declined -7.52%. Plastic & linoleum fell -9.56%. Leather & leather products declined -3.80%. Gems & jewellery fell -2.14%. Cotton yarn/fabrics/made-ups declined -3.96%. Carpets declined -5.35%.

Overall export assessment: Export growth in December 2025 was driven by Agri-commodities, minerals, electronics and select manufacturing segments, offsetting weakness in petroleum products, rice and labour-intensive sectors. The data indicates a shift towards value-added and non-traditional export segments, even as traditional export items faced pricing and demand challenges.

Commodities - Positive YoY Growth (Dec'25 Vs Dec'24)	Commodities - Negative YoY Growth (Dec'25 Vs Dec'24)
<ul style="list-style-type: none"> Other cereals (+85.83%) Coffee (+53.12%) Iron ore (+50.02%) Meat, dairy & poultry products (+30.16%) Tobacco (+17.15%) Electronic goods (+16.78%) Mica, Coal & other ores etc. (+12.07%) Marine products (+11.73%) Handicraft excl. handmade carpet (+7.20%) Drugs & Pharmaceuticals (+5.65%) Tea (+5.39%) Man-made Yarn/Fabs/made-ups, handloom products etc (+3.99%) Cereal preparation and misc. processed items (+3.61%) RMG of all Textiles (+2.89%) Spices (+1.54%) Engineering goods (+1.28%) Organic & Inorganic chemicals (+1.08%) 	<ul style="list-style-type: none"> Oil meals (-42.59%) Rice (-29.77%) Jute Mfg. including floor covering (-21.71%) Plastic & linoleum (-9.56%) Fruits & Vegetables (-7.52%) Petroleum products (-6.49%) Carpets (-5.35%) Cotton yarn/Fabs/made-ups etc (-3.96%) Leather & Leather products (-3.80%) Oilseeds (-3.33%) Ceramic products & glassware (-2.88%) Gems & Jewellery (-2.14%) Cashew (-1.92%)

Commodities - Positive YoY Growth (Apr'25-Dec'25 Vs Apr'24-Dec'24 , % change)	Commodities - Negative YoY Growth (Apr'25-Dec'25 Vs Apr'24-Dec'24 , % change)
<ul style="list-style-type: none"> Other cereals (+40.99%) Electronic goods (+35.08%) Cashew (+25.83%) Meat, dairy & poultry products (+25.75%) Coffee (+17.34%) Marine products (+15.53%) Mica, Coal & other ores etc. (+14.67%) Tea (+14.16%) Cereal preparation & misc. items (+5.31%) Drugs & Pharmaceuticals (+6.40%) Fruits & Vegetables (+4.13%) Engineering goods (+3.88%) Ceramic products & glassware (+2.95%) RMG of all Textiles (+2.36%) Spices (+1.08%) Man-made Yarn/Fabs/made-ups, handloom products etc (0.41%) Tobacco (+0.34%) Handicraft excl. handmade carpet (+0.23%) 	<ul style="list-style-type: none"> Oil meals (-18.25%) Iron ore (-16.72%) Petroleum products (-14.53%) Rice (-4.84%) Plastic & linoleum (-4.69%) Oilseeds (-4.68%) Carpets (-3.92%) Jute Mfg. including floor covering (-3.39%) Cotton yarn/Fabs/made-ups etc (-3.35%) Gems & Jewellery (-0.81%) Organic & Inorganic chemicals (-0.51%) Leather & Leather products (-0.23%)

Exports - Markets Where India Improved (Dec-25 Vs Dec-24 YoY % change):

- Export growth is increasingly driven by China (+67.35%), Malaysia (+65.42%), Hongkong (+61.28%), Spain (+48.48%), Vietnam (+18.74%) and the UAE (14.94%).
- Germany (+9.78%), Belgium (+8.86%)

Exports- Markets Where India Improved (Apr'25-Dec'25 Vs Apr'24-Dec'24, % change):

- Spain (+53.33%), China (+36.38%), Hong Kong (+25.75%), & Vietnam (+15.22%), USA (+9.75%), Germany (+9.39%), UAE (+7.49%) & Belgium (+5.40%)

Exports- Markets Where India Lagging / Declined (Dec-25 Vs Dec-24 YoY % change):

- Exports contracted in Saudi Arabia (-28.63%), Bangladesh (27.365), France (-22.68%), Australia (-15.27%), Brazil (-14.35%), Singapore (-12.36%), Netherlands (-8.97%), UK (-8.40%) & South Africa (-8.94%).
- Traditional markets such as the UK, EU (France, Netherlands), Singapore and Saudi Arabia continue to underperform, indicating demand moderation and trade realignment.

Exports- Markets Where India Lagging / Declined (Apr'25-Dec'25 Vs Apr'24-Dec'24 % change):

- Singapore (-22.38%), Netherland (-21.19%), Malaysia (-16.29%), Australia (-13.29%), France (-12.18%), Saudi Arab (-11.12%), South Africa (-8.22%), UK (-7.14%), Italy (-4.09%), Bangladesh (-3.07%).

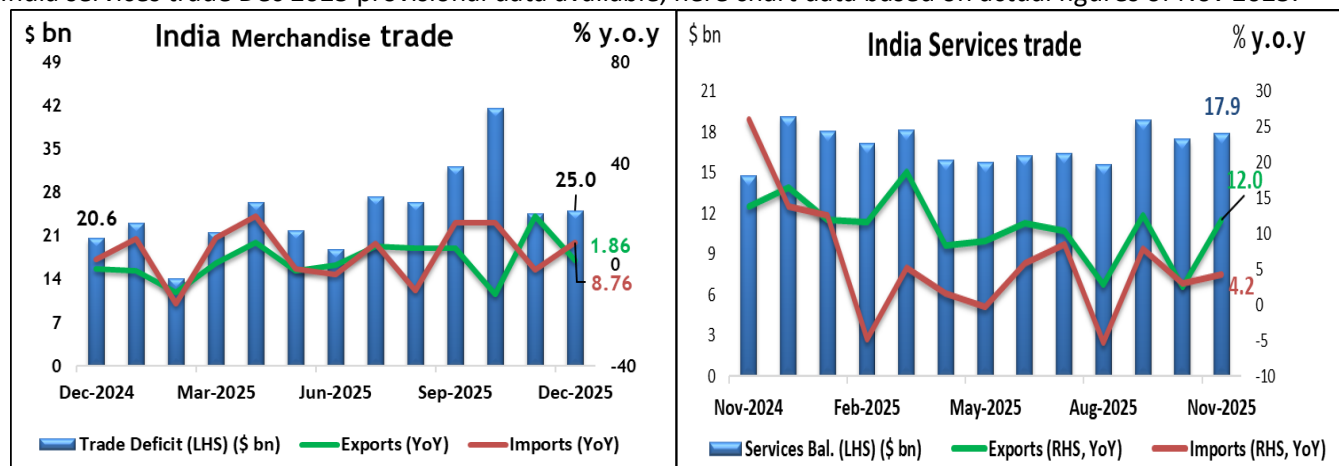
INDIA-US TRADE PERFORMANCE

MERCHANDISE EXPORTS (In USD Bn)								
	Nov-25	Dec-24	Dec-25	APR DEC 24	APR DEC 25	YOY (%)	MOM (%)	Apr-Dec 25 vs 24 change (%)
Total Export	38.13	37.80	38.51	322.41	330.29	1.86%	0.99%	2.44%
Export to US	6.98	7.01	6.89	60.03	65.88	-1.83%	-1.40%	9.75%
% share of US in India Export	18.31%	18.55%	17.88%	18.62%	19.95%			

India Services trade during Dec 2025 (Estimated)

India recorded a services trade surplus of USD 18.12 bn in Dec'25, reflecting strong overseas demand. Services exports stood at USD 35.50 bn, driven by IT services, business process outsourcing, software, finance, travel and transport services. Services imports were USD 17.38 bn during the month. The robust services surplus helped partially offset the merchandise trade deficit, supporting India's external sector stability. Sustained strength in services exports continues to support foreign exchange inflows, cushioning pressures from weak global goods demand and commodity price volatility.

*India services trade Dec 2025 provisional data available, here chart data based on actual figures of Nov 2025.



TRADE BALANCE IN MERCHANDISE (Excluding Gold \$ Bn)			
	APR-DEC 24	APR-DEC 25	% CHANGE
MERCHANDISE EXPORTS	322.41	330.29	2.44%
MERCHANDISE IMPORTS	546.36	578.6	5.90%
TRADE BALANCE	-223.95	-248.31	10.88%
GOLD IMPORTS	48.50	49.39	1.84%
IMPORTS EXCLUDING GOLD	497.86	529.21	6.30%
TRADE BALANCE EXCLUDING GOLD	-175.45	-198.92	13.38%

TRADE BALANCE IN MERCHANDISE+ SERVICES (Excluding Gold \$ Bn)			
	APR-DEC 24	APR-DEC 25	% CHANGE
TOTAL EXPORTS (M+S)	607.93	634.26	4.33%
TOTAL IMPORTS (M+S)	696.37	730.84	4.95%
TRADE BALANCE (M & S)	-88.44	-96.58	9.20%
GOLD IMPORTS	48.50	49.39	1.84%
TRADE BALANCE EXCLUDING GOLD	-39.94	-47.19	18.15%

Merchandise trade deficit excluding gold widened sharply from USD 175.45 bn to USD 198.92 bn, an increase of 13.38%, highlighting sustained pressure on the goods trade balance even after removing gold's impact.

The widening deficit excluding gold suggests that trade pressures are structural, driven by higher non-gold imports such as electronics, machinery, metals and energy inputs, rather than gold-related volatility.

Overall, excluding gold does not materially improve India's merchandise trade position, underscoring the need for stronger export momentum and import substitution in key non-gold segments, while services exports remain critical in cushioning the external balance.

Trends in Indian Exports - Top 20 Commodities (Value in USD Bn)																
Commodity	Share (%)	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	y-o-y growth in Dec-2025	M-o-M % growth
Engineering Goods	28.52%	10.84	9.42	9.08	10.82	9.51	9.89	9.50	10.43	9.90	10.11	9.37	11.01	10.98	1.28%	-0.27%
Oil	11.43%	4.71	3.56	5.81	4.90	7.37	5.64	4.62	4.34	4.48	4.96	3.95	3.93	4.40	-6.49%	12.00%
Electronic Goods	10.84%	3.57	4.11	3.79	4.56	3.69	4.57	4.15	3.77	2.93	3.12	4.08	4.81	4.17	16.78%	-13.27%
Drugs & Pharma	6.84%	2.49	2.59	2.47	3.68	2.49	2.48	2.62	2.66	2.51	2.62	2.49	2.61	2.63	5.65%	1.03%
Org & Inorg Chemicals	6.42%	2.45	2.35	2.23	2.87	2.27	2.68	2.33	2.47	2.42	2.38	2.14	2.34	2.47	1.08%	5.56%
Gems & Jewellery	5.41%	2.13	3.00	2.53	2.90	2.50	2.38	1.79	2.39	2.31	2.84	2.29	2.64	2.08	-2.14%	-21.07%
Ready Made Garments	3.91%	1.46	1.61	1.53	1.53	1.37	1.51	1.31	1.34	1.23	1.00	1.07	1.25	1.50	2.89%	20.58%
Cotton Yarn/Fab	2.62%	1.05	1.04	0.98	1.12	0.96	0.97	0.93	1.02	0.99	0.93	0.91	0.91	1.01	-3.96%	11.13%
Rice	2.61%	1.43	1.37	1.19	1.18	1.08	0.97	0.86	0.92	0.88	0.92	0.88	0.79	1.00	-29.77%	26.70%
Marine Products	2.10%	0.72	0.54	0.51	0.68	0.58	0.73	0.63	0.65	0.60	0.78	0.90	0.88	0.81	11.73%	-7.85%
Plastic & Linoleum	1.83%	0.78	0.73	0.68	0.81	0.70	0.76	0.71	0.78	0.73	0.70	0.63	0.69	0.71	-9.56%	1.59%
Meat, dairy & poultry	1.71%	0.51	0.52	0.45	0.48	0.37	0.44	0.37	0.48	0.51	0.57	0.58	0.60	0.66	30.16%	10.49%
Coal, Mica	1.41%	0.49	0.47	0.50	0.52	0.46	0.47	0.43	0.46	0.46	0.42	0.41	0.49	0.54	12.07%	11.91%
Man-made Yarn/Fabs	1.14%	0.42	0.43	0.40	0.44	0.38	0.41	0.37	0.42	0.41	0.41	0.39	0.40	0.44	3.99%	9.59%
Spices	0.97%	0.37	0.34	0.43	0.52	0.44	0.40	0.31	0.35	0.34	0.32	0.32	0.36	0.38	1.54%	4.67%
Ceramic products	0.93%	0.37	0.33	0.30	0.36	0.34	0.37	0.32	0.36	0.35	0.32	0.31	0.36	0.36	-2.88%	0.31%
Leather & pdts	0.92%	0.37	0.38	0.33	0.36	0.32	0.39	0.39	0.45	0.41	0.34	0.31	0.35	0.35	-3.80%	0.50%
Fruits & Vegetables	0.82%	0.34	0.30	0.41	0.48	0.38	0.31	0.26	0.30	0.31	0.30	0.29	0.31	0.32	-7.52%	0.20%
Cereal preparations	0.70%	0.26	0.26	0.26	0.28	0.26	0.26	0.27	0.28	0.29	0.28	0.25	0.26	0.27	3.61%	4.60%
Iron Ore	0.58%	0.15	0.16	0.19	0.24	0.13	0.16	0.13	0.09	0.07	0.14	0.13	0.18	0.22	50.03%	24.69%
Grand Total Exports	91.72%	37.80	36.43	36.91	41.97	38.49	38.73	35.14	37.24	35.10	36.38	34.38	38.13	38.51	1.86%	0.99%

Trends in Indian Imports - Top 20 Commodity (Value in USD Bn)																
Commodity	Share (%)	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	YoY growth in Dec-25	M-o-M % growth
Oil	22.67%	13.60	13.43	11.89	19.01	20.72	14.75	13.80	15.58	13.27	14.03	14.79	14.12	14.41	6.0%	2.05%
Electronic goods	16.03%	8.34	9.36	7.57	9.43	9.25	9.09	8.42	9.84	9.73	9.82	9.57	8.75	10.19	22.2%	16.41%
Elec & non-elect Machinery	8.71%	4.67	4.73	4.32	4.65	4.67	5.01	4.43	5.36	5.15	5.00	5.19	5.03	5.53	18.4%	10.12%
Gold	6.50%	4.70	2.69	2.34	4.48	3.10	2.55	1.84	3.97	5.44	9.62	14.72	4.02	4.13	-12.1%	2.82%
Transport equipment	4.40%	3.01	2.68	2.61	2.55	2.60	2.37	2.01	2.80	2.29	2.62	2.90	2.84	2.79	-7.1%	-1.62%
Non-ferrous metals	3.87%	1.75	1.94	1.79	2.11	2.32	2.39	2.12	2.45	2.48	2.44	2.60	2.39	2.46	40.3%	3.04%
Org & Inorg Chemicals	3.55%	2.31	2.54	2.04	2.26	2.45	2.56	2.26	2.53	2.49	2.33	2.34	2.13	2.26	-2.3%	5.86%
Coal, Coke, Briquettes	3.51%	1.95	2.69	2.06	2.25	2.71	2.66	2.38	2.36	2.06	1.92	2.25	2.25	2.23	14.5%	-0.72%
Iron & Steel	2.81%	1.87	2.20	1.57	1.78	1.76	1.91	1.59	2.00	2.02	1.86	1.74	1.90	1.79	-4.5%	-6.04%
Artificial resins, plastic	2.79%	1.79	1.72	1.57	1.88	1.95	1.98	1.86	2.06	2.02	1.95	1.97	1.78	1.77	-1.2%	-0.48%
Vegetable Oil	2.65%	1.32	1.38	1.20	1.23	1.23	1.40	1.65	1.93	2.03	1.74	1.59	1.51	1.68	27.8%	11.14%
Pearls, precious stones	2.43%	1.27	1.23	1.28	2.14	1.67	1.56	1.48	1.74	1.41	1.80	1.04	1.84	1.54	21.4%	-16.08%
Metalliferous ores	2.39%	1.14	1.25	0.83	0.79	1.05	0.84	1.14	1.19	1.09	1.16	1.26	1.33	1.52	32.6%	14.02%
Fertilisers	2.29%	1.21	0.84	0.60	0.62	0.65	0.69	0.76	1.59	1.66	2.36	2.47	2.34	1.45	20.0%	-37.80%
Chemical & Pdt	1.67%	1.13	1.35	1.25	1.26	1.97	3.43	1.43	1.01	1.00	1.03	1.07	0.93	1.06	-6.2%	14.03%
Medicinal & Pharma	1.44%	0.83	0.79	0.70	0.74	0.75	0.79	0.71	0.85	0.78	0.77	0.82	0.82	0.91	10.3%	11.11%
Professional instrument	1.39%	0.76	0.68	0.63	0.82	0.73	0.75	0.73	0.82	0.79	0.78	0.78	0.76	0.88	15.2%	15.63%
Silver	1.19%	0.42	0.88	0.43	0.12	0.16	0.57	0.23	0.51	0.45	1.31	2.72	1.08	0.76	79.7%	-29.49%
Wood & Pdt	0.89%	0.62	0.66	0.52	0.53	0.54	0.55	0.53	0.59	0.56	0.58	0.64	0.62	0.57	-8.8%	-8.74%
Machine tools	0.83%	0.53	0.54	0.43	0.49	0.53	0.63	0.53	0.57	0.53	0.50	0.55	0.47	0.53	-1.4%	10.98%
Total Imports	91.99%	58.43	59.42	50.96	63.51	64.91	60.61	53.92	64.59	61.59	68.53	76.06	62.66	63.55	8.8%	1.42%

Implications:

External demand remains weak: Merchandise exports grew only 1.86% YoY in Dec 2025, indicating continued softness in global goods demand, especially in traditional markets such as Europe and parts of West Asia.

Domestic demand remains resilient: Imports rose sharply (~8.8% YoY in Dec 2025), driven by higher inflows of electronics, machinery, metals and Agri-inputs, reflecting strength in domestic consumption and investment activity.

Widening merchandise trade deficit: Faster growth in imports relative to exports led to a wider merchandise trade deficit, which could exert pressure on the current account balance, particularly if export momentum does not improve.

Gold-neutral trade pressure persists: Even after excluding gold, the merchandise trade deficit widened significantly, suggesting that trade stress is structural and linked to higher non-gold imports rather than gold-related volatility.

Services sector provides critical support: A strong services trade surplus (USD 18.12 bn in Dec 2025) continues to cushion the external sector by partially offsetting the merchandise trade deficit and supporting foreign exchange inflows.

Exchange rate implications: Persistent trade deficits may create intermittent pressure on the rupee, though robust services exports and capital inflows help limit sharp depreciation.

Inflation dynamics: Higher imports of commodities, metals and energy inputs could add to imported inflation risks, although lower gold imports provide some offset.

Policy and growth outlook: The data underscores the need for export diversification, competitiveness enhancement and import substitution in key sectors, while continued strength in services exports remains vital for sustaining external sector stability.

Note: Data Source: PIB release, Ministry of Commerce & Industry, Department of Commerce.

Views/opinions expressed in this research publication are views of the research team and not necessarily that of Canara Bank or its subsidiaries. The publication is based on information & data from different sources. The Bank or the research team assumes no liability if any person or entity relies on views, opinion or facts and figures finding in this report.


Visit us at www.canarabank.com

Economic Research Vertical

Madhavankutty G (Chief Economist)

For Suggestions and views please contact, Economic Research Vertical

 080-2222 3169 (Chief Economist)
080-2227 3275 (Section)

 chiefeconomist@canarabank.com
hoersection@canarabank.com