Economic Research Vertical

16th June 2026

India Trade Data: May2026

I. India's Trade Snapshot – As on May 2026:

In May 2026, India's merchandise exports improved by 18.01% to $45.2 billion from $38.03 billion in May 2025, while merchandise imports also increased by 20.62% to $73.41 billion. This resulted in an increased merchandise trade deficit of $28.41 billion compared to $22.56 billion in the previous year. Service exports stood at $36.76 billion (increased 13.24%), and service imports were $19.06 billion (increased 14.13%), leading to a services surplus of $17.70 billion, marginally better than the previous year. Overall, total exports increased 15.82% to $81.96 billion, total imports also increased 19.22% to $92.47 billion, and the overall trade deficit near to $10.51 billion from $6.79 billion year-on-year. Cumulatively, compared to last year the Trade Deficit on Merchandise increased to $56.44 billion from $49.64 billion y-o-y. Trade balance in Services sector improved from $31.69 billion to $36.31 billion y-o-y. overall, the trade deficit increased to $ 20.13 billion dollars.

(All figures in US$ Billion)

Category	May-25	May-26	% YoY	CUMMULATIVE		
				APR-MAY,25	APR-MAY,26	% YOY
MERCHANDISE EXPORTS	38.3	45.2	18.01%	76.59	88.91	16.09
MERCHANDISE IMPORTS	60.86	73.41	20.62%	126.24	145.35	15.14
TRADE BALANCE (Merchandise)	-22.56	-28.41	Increased deficit	-49.65	-56.44	Gap Increased
SERVICE EXPORTS	32.46	36.76	13.24%	65.30	73.79	13.00
SERVICE IMPORTS	16.7	19.06	14.13%	33.61	37.48	11.51
TRADE BALANCE (Services)	15.76	17.7	Improved	31.69	36.31	Improved
TOTAL EXPORTS (M+S)	70.76	81.96	15.82%	141.89	162.70	14.67
TOTAL IMPORTS (M+S)	77.55	92.47	19.22%	159.85	182.83	14.38
TRADE BALANCE (M-S)	-6.79	-10.51	Deficit Increased	-17.96	-20.13	Deficit Increased

II. Core Deficit Widens 8.21 % despite Modest Export Growth!

In May 2026, India's non-petroleum exports rose 11.90% YoY to $36.78 billion, while non-petroleum imports increased at 10.02% to $50.73 billion. On a core basis (excluding petroleum and gems & jewelry), exports grew 12.30% to $34.24 billion, and core imports limited to 11.22% to $46.09 billion. As a result, the core trade deficit widened by -8.21% from $10.95 billion in May 2025 to $11.85 billion in May 2026.

Cumulatively, Non-petroleum and non-gems & jewelry exports in April-May 2026-27 were US$ 65.89 Billion, compared to US$ 59.15 Billion in April-May 2025-26 and Non-petroleum, non-gems & jewelry (gold, silver & precious metals) imports in April-May 2026- 27 were US$ 91.97 Billion, compared to US$ 81.19 Billion in April-May 2025-26.

Cumulatively, the trade deficit increased to $ 26.08 billion from $ 22.04 billion.

Trade excluding Petroleum and Gems & Jewellery during FY 26 (USD Billion)						
Category	May-25	May-26	% YoY	CUMMULATIVE		
				APR-MAY,25	APR-MAY,26	% YOY
Non- petroleum exports	32.87	36.78	11.90%	64.03	70.74	10.48%
Non- petroleum imports	46.11	50.73	10.02%	90.79	104.05	14.61%
Non-petroleum & *Non Gems & Jewellery exports	30.49	34.24	12.30%	59.15	65.89	11.39%
Non-petroleum & Non Gems & Jewellery imports	41.44	46.09	11.22%	81.19	91.97	13.28%
Core Trade Balance (Non-petroleum & Non Gems & Jewellery)	-10.95	-11.85	-8.21%	-22.04	-26.08	**-18.33% (GAP WIDENED)**

** Gems & Jewellery Imports include Gold, Silver & Pearls, precious & Semi-precious stones*

This data reflects robust domestic economic momentum, as strong import growth signals healthy demand for raw materials, intermediates, and capital goods. However, the significantly faster rise in imports compared to exports indicates a widening external imbalance on the goods trade front, which could exert pressure on the current account deficit in FY26 if the trend persists. Overall, the cumulative figure for May 2026 point to solid growth alongside rising concerns over trade sustainability.

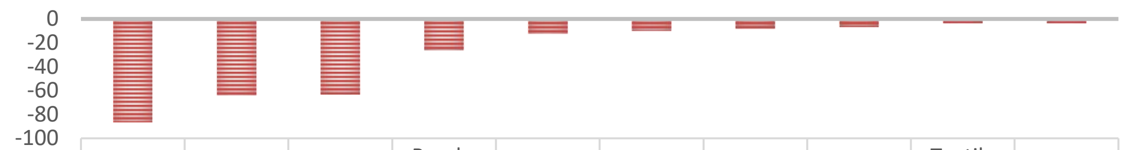
III. Sectoral Export Performance - Top 10 Sectors Where Export Increased!

Rank	Sector / Commodity	YoY % Growth	Value May'26 (US$ Billion)	Contribution
1	Other Cereals	**262.73%**	7639	High base effect
2	Petroleum Products	**54.89%**	8421	strong growth
3	Meat, Dairy & Poultry	**42.51%**	630	strong growth
4	Oil meals	**24.61%**	111	strong growth
5	Engineering Goods	**24.48%**	12311	strong growth
6	Handicrafts	**23.85%**	180	sollid
7	Plastic and linoleun	**21.82%**	921	sollid
8	Iron ore	**14.76%**	188	sollid
9	Organic and Inorganic chemicals	**12.71%**	2720	sollid
10	Electronic Goods	**11.62%**	5097	sollid

Insights

- ✓ ***Overall Merchandise Exports: US$ 45.20 bn | +18.01% YoY***
- ✓ ***19 out of 30*** *major commodities recorded* ***positive growth***
- ✓ ***High-value & diversified*** *growth driving the momentum*
- ✓ *Strong performance in* ***Emerging High-Tech & Value-Added*** *sectors offsetting weaknesses in traditional Agri & textile categories*

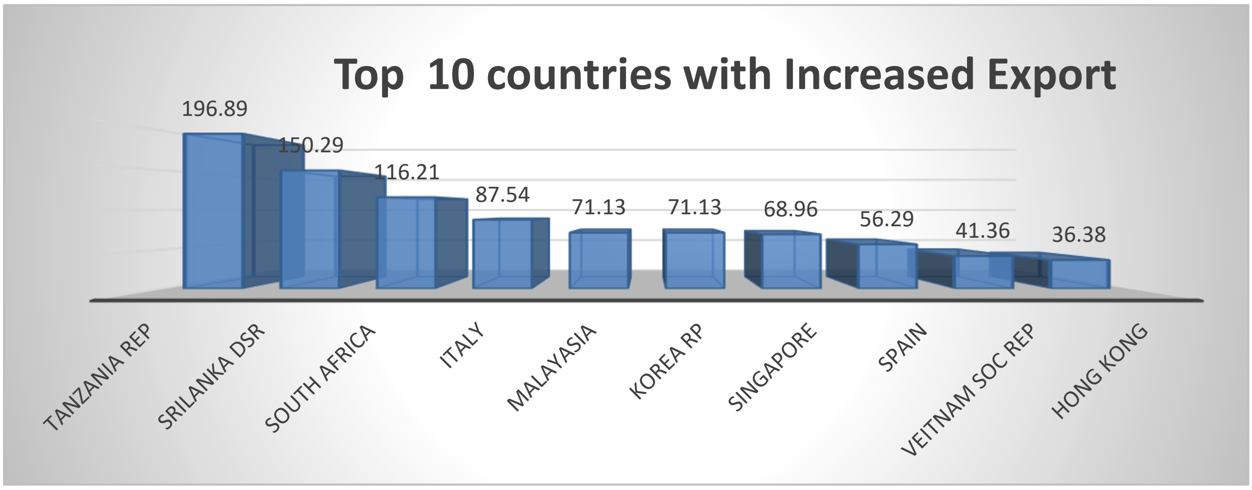
IV. Top 10 Sectors where the Import Decreased (Y-O-Y):



	Imports of Silver	Project Goods	Chemical Material & Products	Pearls, Precious & Semi-Precious Stones	Iron & Steel	Pulp And Waste Paper	Machine Tools	Newsprint	Textile Yarn Fabric, Made-Up Articles	Wood & Wood Products
Negative YOY	-86.65	-64.05	-63.58	-26.5	-12.47	-9.93	-8.14	-6.69	-3.68	-3.65

V. Export Diversification:

India's export growth showed a striking divergence across destinations (Top 10 export destination for May 2026 with percentage change).



VI. Top Export Destination & Top Import Destination:

Top Export Destination (MAY 2026) USD million

Country	May 2025	May 2026	% Change
USA	8826.02	8817.27	-0.10%
UAE	2969.94	3064.51	+3.18%
Singapore	1122.48	1896.52	+68.96%
China	1620.53	2022.38	+24.80%
Netherland	2050.06	1673.19	-18.38%

Quick Fact

5 Growth Destinations: Tanzania, Srilanka, South Africa, Italy & Malayasia

Top Import Sources (May 2026) USD Million

Country	May 2025	May 2026	% Change
China	10314.91	12728.61	23.4
Russia	5797.70	9476.67	63.46
USA	3802.28	5871.91	54.43
UAE	6352.80	5706.41	-10.17
Saudi Arabia	1886.17	2122.66	12.54

Quick Fact

Highest Growth: Brazil (+358.83%), Oman (+305.66%)

VII. Implications:

- ✓ The May 2026 trade data is broadly'
- ✓ positive. It signals that India's external sector is on a structurally improving path — growing faster, becoming more diversified, and moving up the value chain.
- ✓ This is supportive for monetary policy, forex reserves, and corporate profitability in export-oriented industries
- ✓ It also reinforces macro stability and creates attractive lending opportunities for the Bank.

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