

Trade deficit narrows to four-month low in June

GOODS EXPORTS REMAINED steady in June despite many headwinds caused by tariff wars and disruptions due to the escalation of war in West Asia, officials said. Goods exports in the April-June quarter saw a marginal year-on-year rise of 1.92%, at \$112.7 billion. The country's goods and services exports during the first quarter of 2025-26 are estimated at \$210.31 billion, which is an increase of about 5.94% on year.

"If the growth continues like this, then we are going to cross last year's exports figures," commerce secretary Sunil Barthwal said. In 2024-25, overall exports had grown 6.01% on year to touch \$824.9 billion.

"Although the weakness in India's headline merchandise exports persisted in June 2025, a relatively sharper dip in non-oil imports led to the trade deficit compressing considerably to \$18.8 billion in the month from an average of \$24 billion in April-May 2025 and \$20.8 billion in June 2024. Given this,



and the robust growth in net services earnings, we now expect India's current account deficit to print at a comfortable 0.7% of GDP in Q1FY26, a tad lower than the 0.9% seen in Q1," chief economist at Icra Aditi Nayar said. Within different product categories, electronics goods exports performed the best, growing at 46.93% to \$4.16 billion. The engineering goods sector, which accounts for over 25% of exports, was back in the growth zone, rising at 1.35% to \$9.50 billion.

The engineering sector has been the worst hit by US sectoral tariffs on steel, aluminium, auto and auto parts. While the duties on steel and aluminium have

gone up to 50%, auto sector exports to the US now attract 25% additional duties.

While lower crude prices kept the trade deficit in check, it also impacted petroleum product exports. The exports of petroleum products contracted 15.92% to \$4.61 billion in June. Gems and jewellery exports were also down 20.43% to \$1.78 billion. Leather, iron ore, oil seeds, cashew, spices, tobacco, and coffee exports recorded negative growth during the month.

On the imports front, crude oil imports were down 8.37% to \$13.79 billion and gold imports contracted 25.73% to \$1.83 billion. Services exports in June were up 14.5% to \$32.84 billion while services imports were up 16.11% to \$17.58 billion.

In April-June, merchandise exports were up 1.92% to \$112.17 billion while imports grew 4.23% to \$179.44 billion. Merchandise trade deficit during April-June widened to \$67.26 billion from \$62.10 billion in the same quarter of last financial year.

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MUKESH JAGOTA
New Delhi, July 15

INDIA'S MERCHANDISE TRADE deficit fell to a four-month low of \$18.78 billion in June, as subdued oil imports brought down overall inward shipments by 3.7% on year to \$53.92 billion while exports were flat at \$35.14 billion.

Exports have been either flat or negative in most of recent months, except April

2025 and October 2024. The pick-up in April was largely due to the rush among the exporting community to execute orders, in order to beat the 26% reciprocal tariff by the US. That extra impost has since been put in abeyance, while a 10% baseline tariff has taken effect, besides the earlier MFN (most favoured nation) rates in exports to the US.

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TRADE UP
5.3%: WTO**

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IMPORTS FALL, EXPORTS FLAT

