

## Macro Insights

### Highlights:

**Trade Deficit increases to eight-month high of 27.35 USD billion in July 2025**

India's merchandise trade deficit stood at \$27.35 billion in July 2025. It widened from \$18.77 billion in June 2025. Trade deficit was recorded at \$24.77 billion in July 2024.

- Merchandise exports stood at \$37.24 billion in July 2025, up 7.29% on year-on-year basis, from \$34.71 billion in July 2024.
- Exports of petroleum products stood at \$4.34 billion in July 2025, recording a YoY contraction of 25.05%.
- Exports of non-petroleum products increased by 13.77% on a YoY basis in July 2025 to \$32.90 billion.
- Meanwhile, merchandise imports increased by 8.59% YoY for the month of July 2025 to \$64.59 billion.
- Imports of crude oil increased 7.46% YoY to \$15.58 billion in July 2025.

Chart 1: Export & Import YoY Growth (%) and Trade Deficit

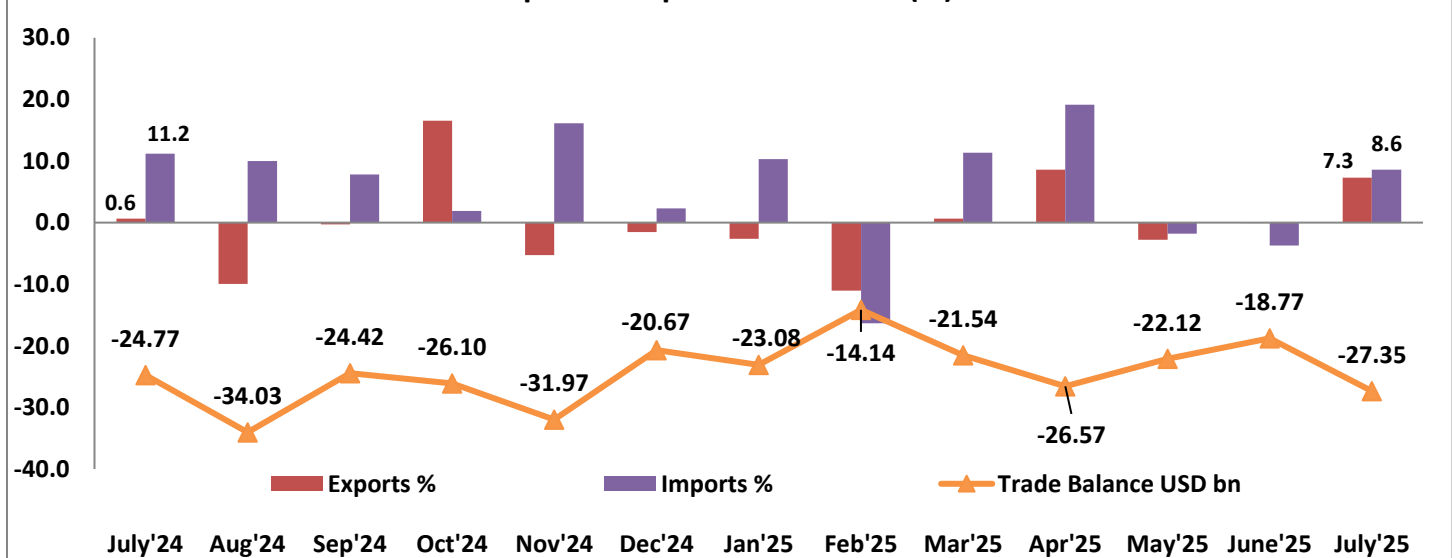
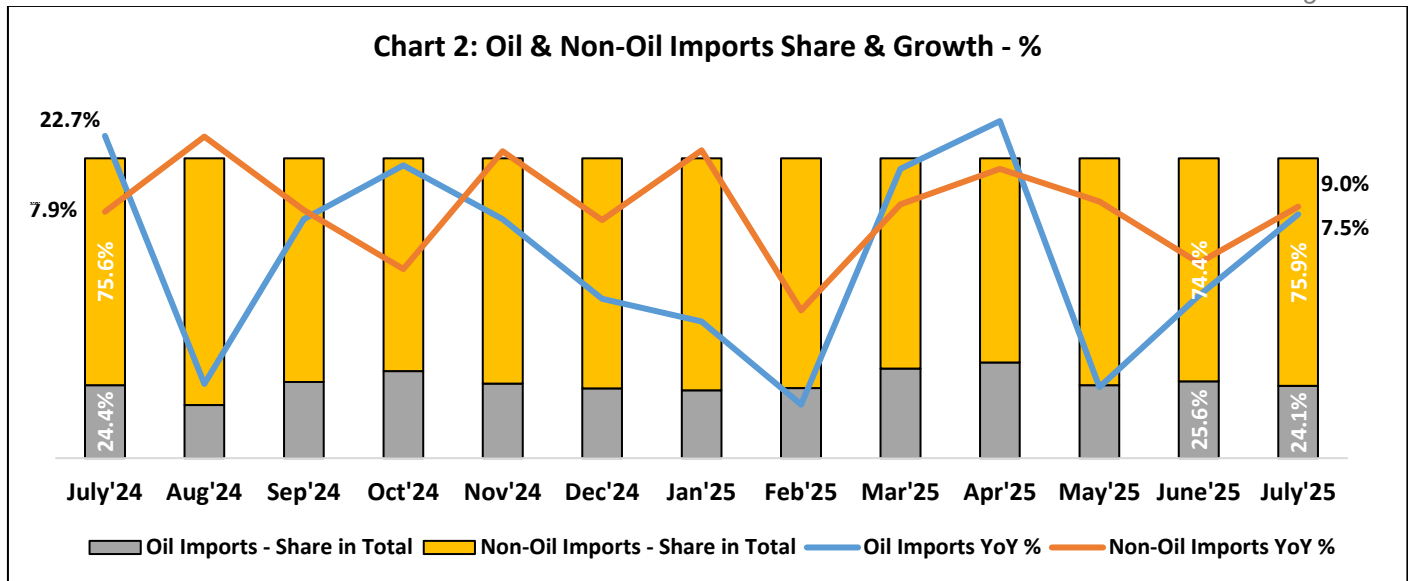


Table: Merchandise Exports and Imports (USD Bn)

Month	Exports	Imports	Trade Deficit
July'24	34.71	59.48	24.77
July'25	37.24	64.59	27.35
YoY Growth (%)	7.29%	8.59%	10.42%



### Insights:

- ✓ The share of oil imports within merchandise imports decreased to 24.1% in July 2025 from 25.6% in the previous month. Correspondingly, the share of non-oil imports increased to 75.9% from 74.4% during the same period.
- ✓ A decline in global crude oil prices led to a 25.1% YoY decline in exports of crude and petroleum products to \$4.3 billion (bn) in July 2025.
- ✓ However, exports of non-petroleum products saw a 13.8% YoY increase in the month of July. Out of the 30 major commodity group, 27 showed a YoY increase in exports. Major commodities that saw an increase in exports were other cereals (72.0% YoY), coffee (67.5% YoY) and drugs and electronic goods (33.9% YoY).
- ✓ Imports of crude oil and petroleum products witnessed an expansion of 7.5% YoY while imports of non-crude oil and non-petroleum products rose by 9.0% on YoY basis in July 2025. Imports of silver stood at \$506.5 million, recording a YoY increase of 436.6%.
- ✓ Out of the 30 major commodity group, 26 showed a YoY increase in imports. Major commodities among non-oil imports which recorded a positive growth in July 2025 were Sulphur & Unroasted Iron Pyrites (426.2% YoY), fertilisers, crude & manufactured (133.1% YoY) and project goods (98.3% YoY).
- ✓ Estimates of services exports during July 2025 stood at \$31.03 bn, recording a YoY growth of 1.4%, while services imports decreased by 3.4% YoY to \$15.4 bn, resulting in a surplus of \$15.63 bn in July 2025.

### Views:

- ✓ Exports saw most significant growth in markets like USA (19.94%), UAE (11.69%), China (27.39%), Spain (60.12%) and Hong Kong (66.43%) in July 2025 compared to the same period last year.

- ✓ Exports to the US for the July 2025 expanded to \$8.01 bn compared to \$6.68 bn in July 2024, suggesting limited impact of 10% baseline tariff hikes on exports. However exports to US are expected to slowdown in coming months as the 25% reciprocal tariff on Indian goods came into effect on 8<sup>th</sup> August 2025.
- ✓ Imports from Russia declined by 14.18% in July 2025 to \$4.85 bn, this was majorly due to the fall in crude oil prices, the largest component in imports from Russia.
- ✓ With announcement of additional 25% tariff, set to come into effect from 27<sup>th</sup> August, on Indian exports to US because of Russian oil imports, oil imports from Russia is expected to moderate going forward as the discount on Russian crude oil has decreased in the recent months.
- ✓ Tariff uncertainty poses risks for future outlook in India's trade with its largest export market US. The push for FTAs by policymakers in India, signing of India-UK FTA and trade negotiations with EU and other countries is likely to mitigate the impact of rising US tariffs on India's export by diversifying India's export destinations.
- ✓ Additionally to mitigate the impact of tariffs various incentives/rebates/schemes should be launched to provide support to the industries/sectors such as textiles, gems & jewelry which are the hardest hit by US tariffs.

### Top commodity groups exhibiting the most positive and negative growths YoY:

Exports				
Commodity groups exhibiting positive growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		July'24	July'25	
1	Other cereals	12.2	21.0	72%
2	Coffee	104.1	174.2	67%
3	Electronic Goods	2812.2	3765.3	34%
Commodity Groups exhibiting negative growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		July'24	July'25	
1	Iron Ore	234.5	86.8	-63%
2	Oil Meals	132.2	85.4	-35%
3	Petroleum Products	5791.9	4341.3	-25%

## Imports

### Commodity groups exhibiting positive growth

Sl. No.	Commodities	(Values in Million USD)		% Change
		July'24	July'25	
1	Silver	94.4	506.5	437%
2	Sulphur & Unroasted Iron Pyrites	21.4	112.7	426%
3	Fertilisers, Crude & manufactured	683.5	1593.1	133%

### Commodity Groups exhibiting negative growth

Sl. No.	Commodities	(Values in Million USD)		% Change
		July'24	July'25	
1	Pulses	293.3	141.9	-52%
2	Leather & leather products	151.1	89.0	-41%
3	Newsprint	47.6	35.4	-26%

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