

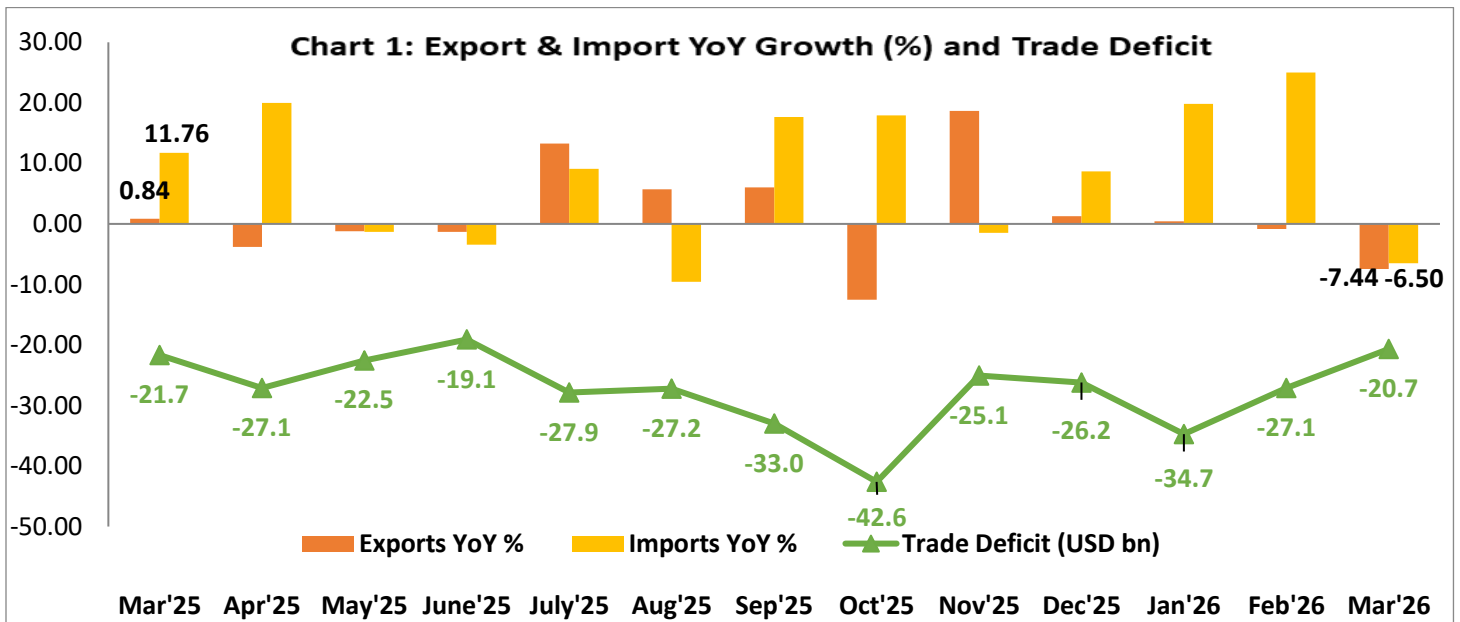
Macro Insights

Highlights:

Trade deficit shrinks to 20.7 USD billion in March 2026

The gap between imports and exports of goods stood at \$20.67 billion in March 2026. It narrowed from \$21.69 billion in March 2025. It was recorded at \$27.10 billion in February 2026.

- Merchandise exports moderated to \$38.92 billion in March 2026, compared with \$42.05 billion in March 2025, registering a decline of 7.44% on YoY basis.
- Exports of non-petroleum products fell to \$33.74 billion, registering a 9.19% YoY decline, while petroleum product exports rose 5.88% YoY to \$5.18 billion.
- Merchandise imports declined 6.50% YoY to \$59.59 billion in March 2026, largely due to a sharp 35.91% drop in petroleum imports amid the West Asian conflict.
- Gold imports decreased 31.62% YoY in March 2026 reflecting reduction in gold prices. In contrast, silver imports surged 416.79% YoY.

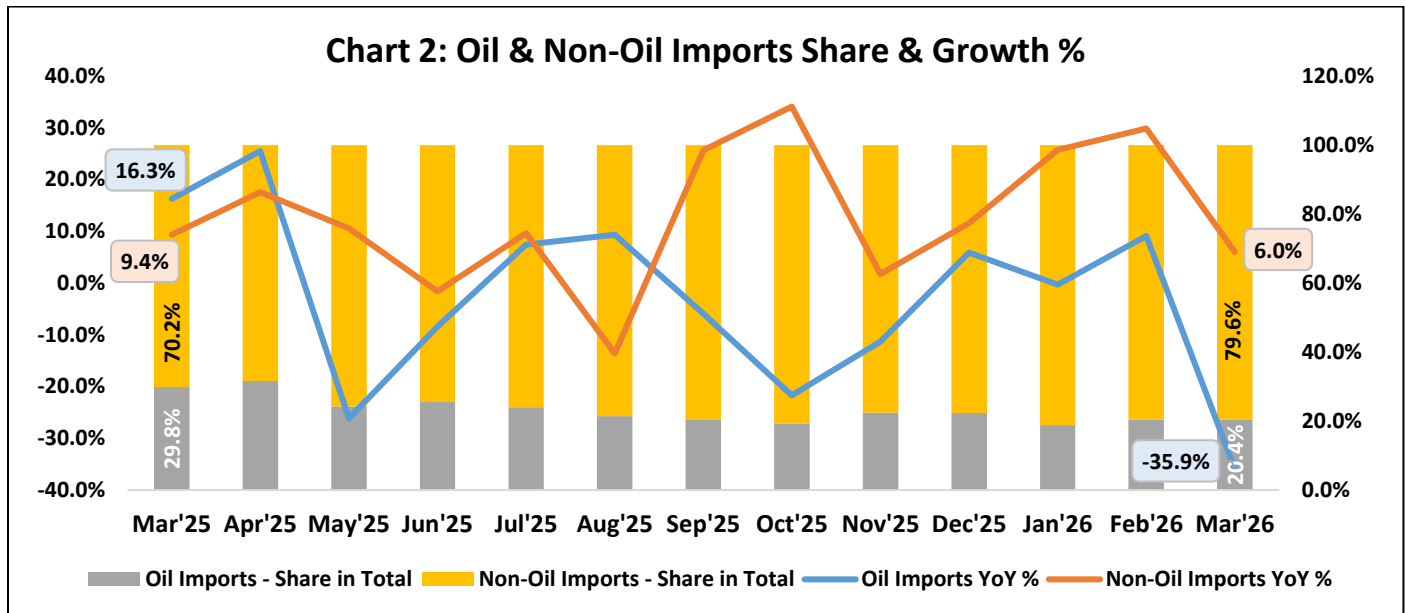


Source: Department of Commerce, Ministry of Commerce & Industry

Table: Merchandise Exports and Imports

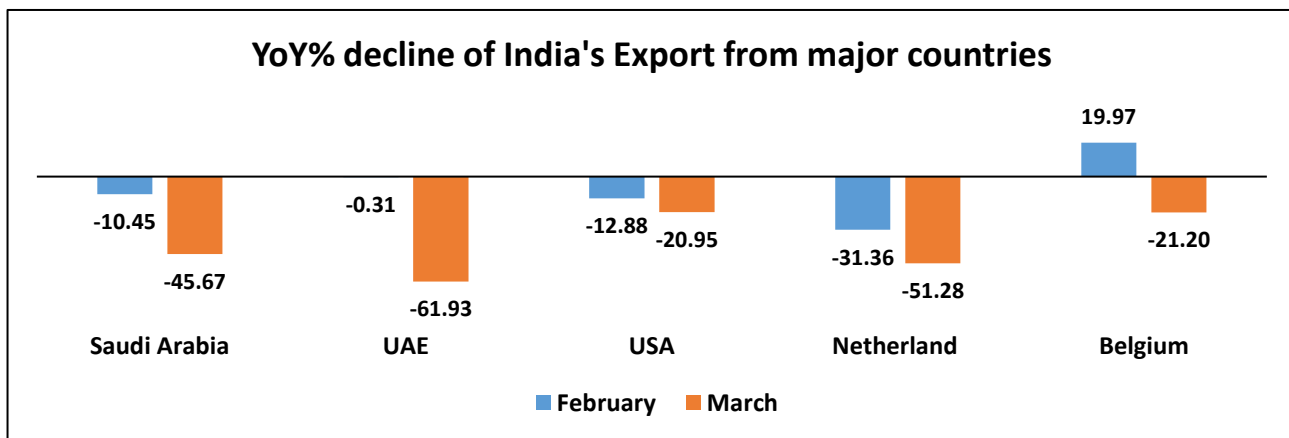
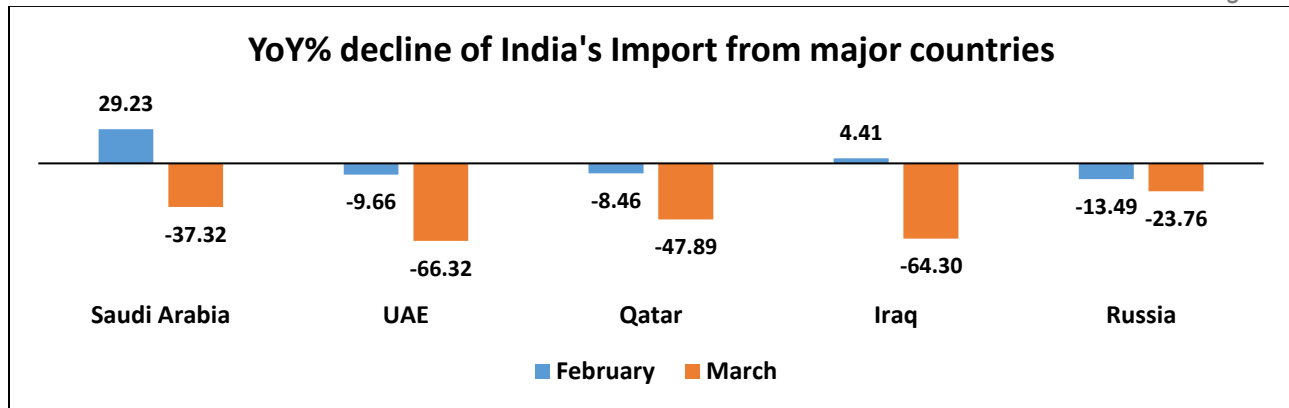
Month	Exports	Imports	Trade Balance
Mar'25	42.05	63.74	-21.69
Feb'26	36.61	63.71	-27.10
Mar'26	38.92	59.59	-20.67
YoY Growth (%)	-7.44	-6.50	

(\$ billion)



Insights:

- ✓ The share of oil imports within merchandise imports remained flat at 20.4% in March 2026 compared to previous month. On cumulative basis, the share of oil imports declined to 22.39% during FY'26 from 25.75% in FY'25.
- ✓ Except for a few sectors such as other cereals and engineering goods, most key export segments recorded a decline during the month. Out of the 30 major commodity groups, 24 registered a YoY fall in exports, indicating broad-based weakness across categories. Major commodities that saw decline were iron ore (-49.8% YoY), cashew (-40.1% YoY) and tea (-34.6% YoY).
- ✓ Out of the 30 major commodity group, 16 showed a YoY increase in imports. Major commodities among non-oil imports which recorded a positive growth in March 2026 were silver (416.8% YoY), sulphur & unroasted iron pyrites (26.5% YoY) and vegetable oil (23.6% YoY). Major commodities that saw decline were gold (-31.6% YoY), cotton raw & waste (-30.4% YoY) and project goods (-23.7% YoY).
- ✓ Services exports are estimated to reach \$35.20 billion in March 2026, down by 1.21% YoY, while estimated services imports decreased to \$16.96 billion from \$17.48 billion a year earlier.
- ✓ India's exports to markets such as Singapore (158.6%), Malaysia (84.5%), China (28.1%), Tanzania (100.5%) and Sri Lanka (88.3%) recorded the most significant growth in March 2026 compared to the previous year.
- ✓ India's imports for March 2026 grew the most from China (24.8%), Thailand (64.5%), Peru (267.7%), Oman (112.0%) and USA (14.4%) compared to the previous year.



Views:

- ✓ For the full year, India's merchandise trade deficit widened to \$333.59 billion in FY26 from \$283.24 billion in FY25, with China alone accounting for a deficit of \$112.15 billion in FY'26. Total merchandise exports stood at \$442.09 billion, while imports were \$775.68 billion.
- ✓ March was the first full month after the outbreak of the West Asia conflict, during which India's trade with the region contracted sharply. Exports to West Asia fell 57.9% to \$2.5 billion, while imports declined 51.64% to \$8.7 billion.
- ✓ The steep fall in trade was largely driven by logistical disruptions, supply chain bottlenecks and heightened uncertainty arising from the regional conflict. These challenges are likely to persist in April amid continued uncertainty over the war situation.
- ✓ India's trade deficit narrowed in March mainly due to the sharp decline in crude oil imports following the West Asia crisis. However, rising pressure on global crude oil prices along with higher freight and insurance costs could widen India's current account deficit and weigh on export competitiveness in the coming months.
- ✓ Going forward, exporters are expected to diversify shipments to alternative markets to sustain export momentum. At the same time, the implementation of free trade agreements with Oman, the UK and New Zealand could support export growth in FY'27. Additionally, various government initiatives like RELIEF (Resilience & Logistics Intervention for Export Facilitation) and custom duty exemptions are expected to further strengthen outbound trade.

Major commodities exhibiting the most positive and negative growth (YoY%) in Mar'26:

Exports (Non POL*)				
Major Commodities exhibiting positive growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Mar'25	Mar'26	
1	Other Cereals	27.83	57.94	108.23
2	Mica, Coal & Other Ores, Minerals including processed minerals	517.48	575.82	11.27
3	Handicrafts excl. handmade carpet	130.44	141.53	8.51
Major Commodities exhibiting negative growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Mar'25	Mar'26	
1	Iron Ore	237.91	119.44	-49.80
2	Cashew	25.31	15.16	-40.12
3	Tea	81.41	53.21	-34.64
Imports (Non POL)				
Major Commodities exhibiting positive growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Mar'25	Mar'26	
1	Silver	119.30	616.48	416.77
2	Sulphur & Unroasted Iron Pyrites	30.02	37.96	26.46
3	Vegetable Oil	1233.37	1524.84	23.63
Major Commodities exhibiting negative growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Mar'25	Mar'26	
1	Gold	4476.50	3060.78	-31.63
2	Cotton Raw & Waste	79.04	55.03	-30.38
3	Project goods	36.30	27.70	-23.70

* POL - Petroleum, Oil and Lubricants

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