Economic Intelligence Cell
- Mansi Wahi, Economist

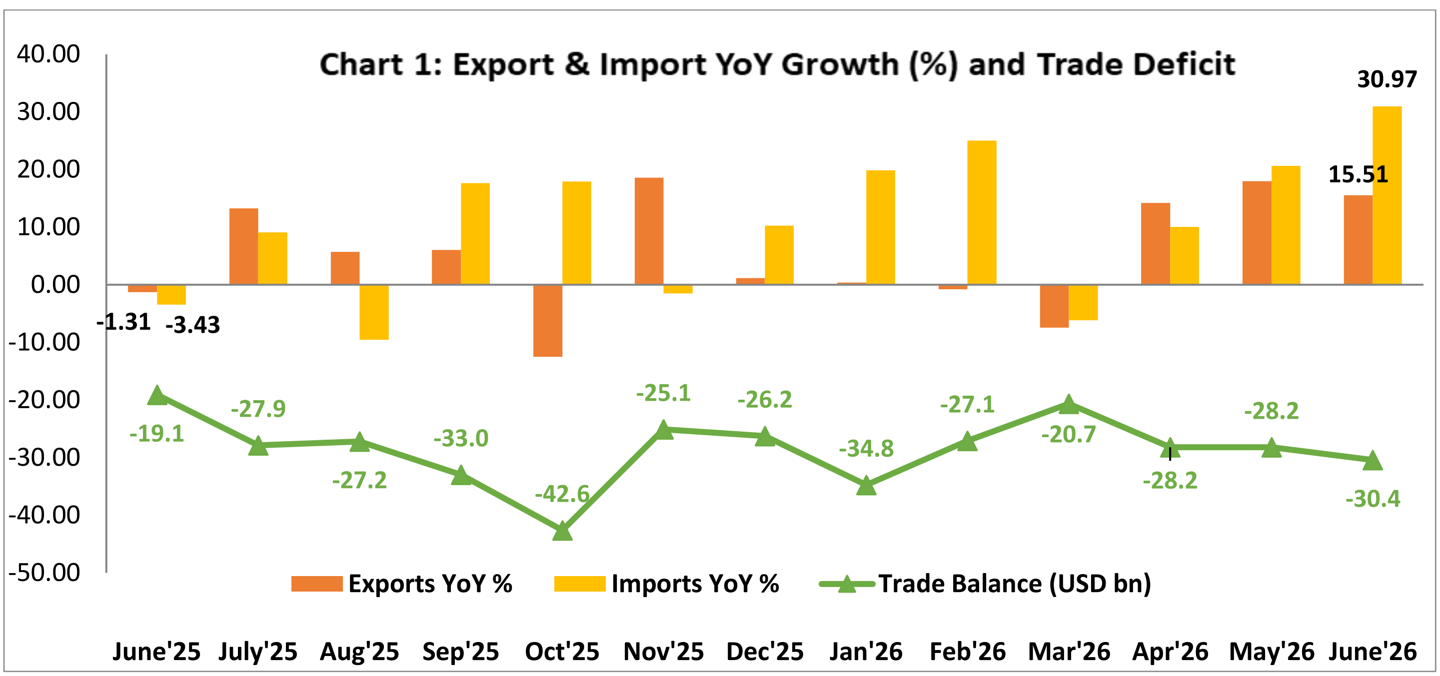
Macro Insights

Trade deficit jumped to a five-month high of 30.43 USD billion in June 2026

The gap between imports and exports of goods stood at $30.43 billion in June 2026. It increased from $19.10 billion in June 2025. It was recorded at $28.21 billion in May 2026.

Highlights:

- *Merchandise exports increased to $40.41 billion in June 2026 from $34.98 billion in June 2025, registering a YoY growth of 15.5%.*
- *Exports of non-petroleum products rose by 16.4% YoY to $35.53 billion, while petroleum product exports surged 9.16% YoY to reach $4.87 billion.*
- *Merchandise imports grew by 31.0% YoY to $70.83 billion in June 2026, largely driven by higher imports of crude oil and electronic goods.*
- *Gold imports jumped 7.0% YoY, however, on sequential basis import value moderated to $1.97 billion in Jun'26 from $3.42 billion in May'26. Silver imports declined sharply by 73.6% YoY to $60.2 million.*

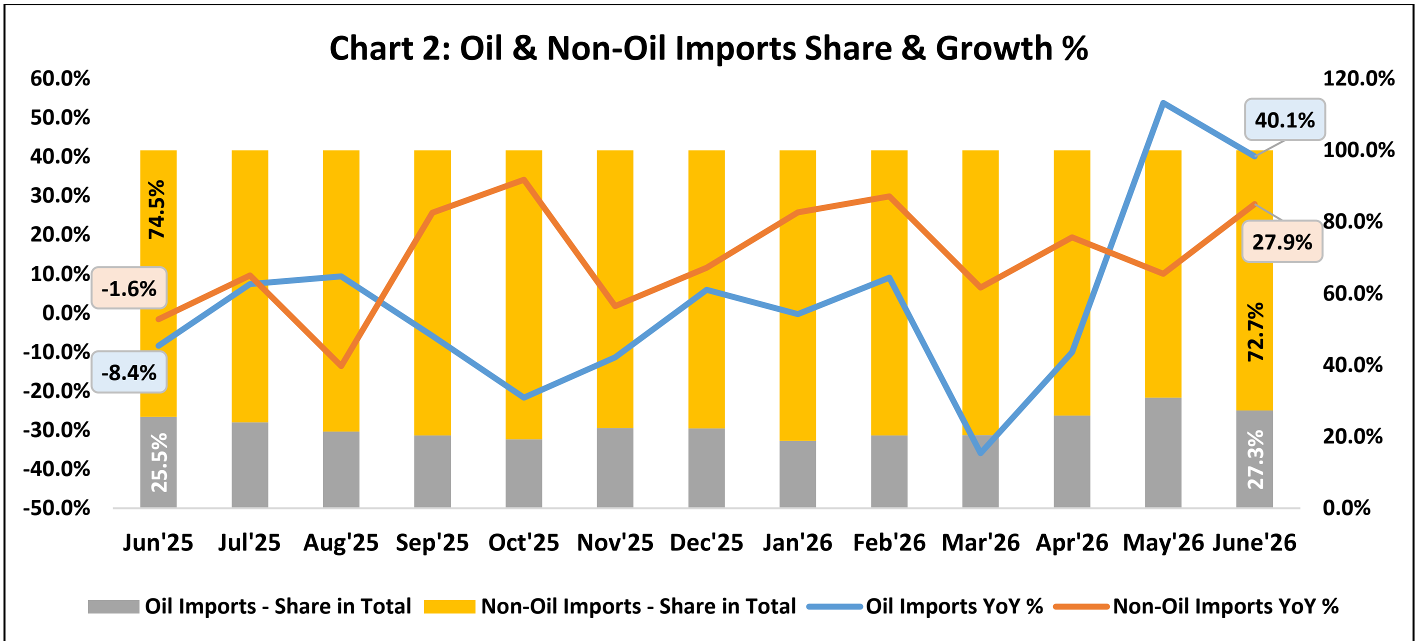


Source: Department of Commerce, Ministry of Commerce & Industry

Table: Merchandise Exports and Imports

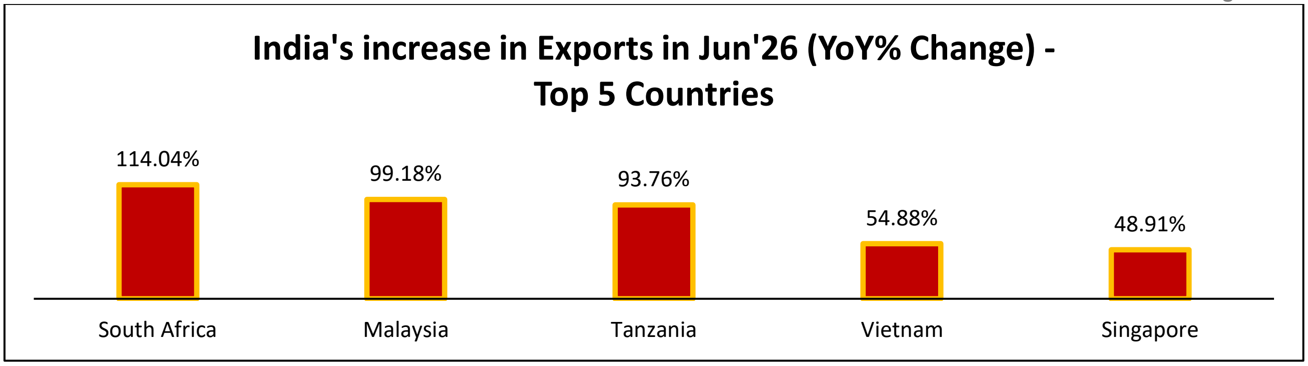
($ billion)

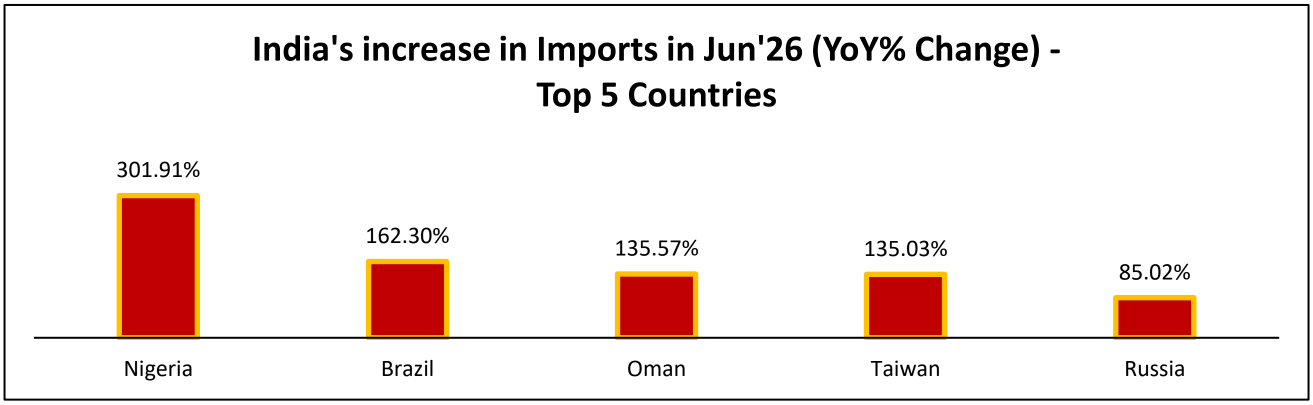
Month	Exports	Imports	Trade Balance
Jun'25	34.98	54.08	-19.10
May'26	45.20	73.41	-28.21
Jun'26	40.41	70.84	-30.43
YoY Growth (%)	15.51	30.97	



Insights:

- ✓ The share of oil imports within merchandise imports declined to 27.3% in June 2026 from 30.9% in the previous month. Correspondingly, the share of non-oil imports increased to 72.7% from 69.1% during the same period. On cumulative basis, the share of oil imports increased to 28.1% during Apr–Jun FY'27, from 27.3% in the corresponding period last year.
- ✓ Out of the 30 major commodity groups, 19 registered a YoY increase in exports. Major drivers of merchandise export growth include Gems & Jewellery, Engineering Goods, Organic & Inorganic Chemicals, Electronic Goods, and Rice. Despite persistent geopolitical tensions in West Asia, India's exports remained resilient reflecting exporters' adaptability to the changing global economic environment and the success of ongoing market diversification efforts.
- ✓ Out of the 30 major commodity group, 25 showed a YoY increase in imports. Major commodities among non-oil imports which recorded a positive growth in June 2026 were Fertilisers, Pulses and Cotton Raw & Waste. Major commodities that saw decline were silver, project goods and Pearls, precious & Semi-precious stones.
- ✓ Services exports are estimated to reach $33.03 billion in June 2026 as compared to $32.11 billion in June 2025 while estimated services imports increased to $17.92 billion from $15.90 billion a year earlier.





Views:

- ✓ India's exports recorded healthy growth despite global uncertainties, led by strong performance in engineering and electronic goods and a recovery in shipments to West Asia. The growth was supported by free trade agreements with key partner countries, diversification of products and markets, and the rising global competitiveness of Indian products.
- ✓ The widening of the merchandise trade deficit was primarily driven by higher imports of crude oil, petroleum products, fertilizers, gold and electronics. Elevated commodity prices, particularly for oil and gold, along with lingering geopolitical uncertainty in West Asia, exerted additional pressure on the import bill during the month.
- ✓ The rise in electronics imports also reflects robust domestic demand and increased procurement of intermediate inputs for manufacturing. Imports of fertilizers and raw cotton witnessed sharp growth during the month, reflecting sector-specific requirements and policy measures such as the waiver of import duty on raw cotton.
- ✓ External sector risks remain manageable, although movements in global oil prices warrant close monitoring given their implications for the trade balance and current account position. RBI's foreign exchange management measures are expected to provide a cushion against external vulnerabilities.
- ✓ Going forward, India's trade performance is expected to be supported by ongoing efforts to strengthen export competitiveness and reduce import dependence. Key initiatives include leveraging recently concluded and proposed Free Trade Agreements (FTAs), promoting domestic manufacturing, identifying import-substitution opportunities, strengthening engagement with exporters through dedicated export committees, and accelerating the Districts as Export Hubs programme to diversify and expand the export base.

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

Exports (Non POL*)				
Major Commodities exhibiting positive growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Jun'25	Jun'26	
1	Other Cereals	21.16	72.84	**244.29**
2	Handicrafts excl. hand made carpet	130.44	208.31	**59.69**
3	Meat, dairy & poultry products	372.89	576.58	**54.63**
Major Commodities exhibiting negative growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Jun'25	Jun'26	
1	Jute Mfg. including Floor Covering	33.82	23.99	**-29.06**
2	Tea	83.16	67.19	**-19.21**
3	Oil Meals	77.02	64.81	**-15.86**

Imports (Non POL)				
Major Commodities exhibiting positive growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Jun'25	Jun'26	
1	Fertilisers, Crude & manufactured	760.95	2292.68	**201.29**
2	Pulses	91.78	268.66	**192.72**
3	Cotton Raw & Waste	73.73	185.08	**151.01**
Major Commodities exhibiting negative growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Jun'25	Jun'26	
1	Project goods	141.42	20.59	**-85.44**
2	Silver	228.12	60.17	**-73.62**
3	Pearls, precious & Semi-precious stones	1483.68	1233.91	**-16.83**

** POL - Petroleum, Oil and Lubricants*

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