

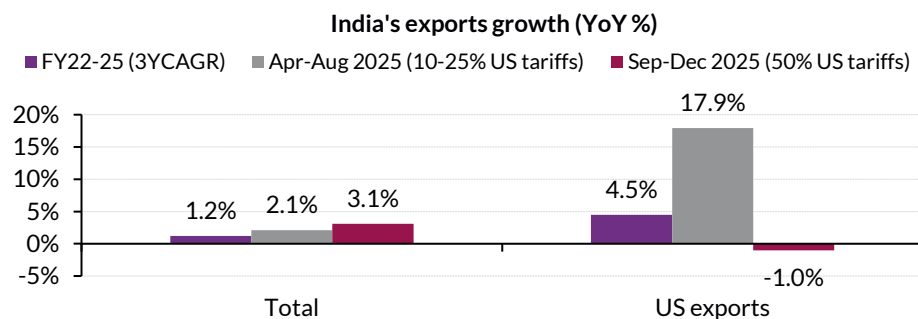
## India's exports shrug off post-2022 weakness despite US tariffs

Growth in India's goods exports, which had slowed well before US tariffs went up (grew just 1.3% annually over 2023-25), picked up to 3% YoY over Sep-Dec 2025, despite 50% US tariffs. Much of this is due to electronics, but a sector-geography breakdown shows expected and encouraging trends. Exempt sectors (e.g., electronics, petrochemicals) or those with tariffs that are the same for all countries (e.g., steel) have grown. Commodity-like exports (e.g., shrimp) have seen trade diversification. India's manufactured exports at US\$334 Bn (76% of total) have now surpassed their 2022-peak, and a growing FTA footprint should help. There is also a visible recovery in exports of commodities.

19 Jan 2026

India Trade

### Exhibit 1 - India's exports weakness pre-dates US tariffs, recovery underway



Source: DGCIS; Axis Bank Research

### India's goods exports are recovering from a 3-year weakness despite US tariffs

India's exports had slowed well before the rise in US tariffs, which rose to 10-25% Apr-Aug-2025 and 50% after Sep-2025. Goods export growth FY23-25 slowed to an annualized rate of 1.3% (Fig 1) as petrochemicals, ores/minerals, and some labour-intensive manufactured goods (textiles & apparel, gems & jewellery, plastics, leather, handicrafts) fell (Fig 5). This was offset by electronics (3Y CAGR: 35%), agri, chemicals/pharma and ceramic/stone products. These sectoral trends persisted in 2025 despite US tariffs. Growth picked up in Sep-Dec-2025 to 3% YoY: electronics is still strong, and commodities have rebounded (Fig 3, 6, 7).

### Sectoral impact of US tariffs: pockets of resilience amidst expected weakness

Sectoral impact of 50% US tariffs appears to be in line with expectations: over Sep-Nov 2025 (Dec details not available yet), exports to the US of non-exempt categories fell (gems & jewellery, leather, plastics, paper and ceramic/stones, Fig 8: 'Detriments' quadrant), dragging down overall sectoral exports YoY. Sectors currently exempt from US tariffs, like electronics, office equipment (likely data centre investments), ores & minerals, petrochemicals and optical/medical instruments continued to grow, with rising US share ('Propellants'). Exports of agri & allied products, metals and chemicals posted YoY growth despite a declining US share ('Resistants'), likely due to market diversification (e.g. shrimps), tariffs being the same for all countries under Section 232 (e.g. steel), or exemptions (e.g. pharma; [link](#)). Commodities, or near-perfect substitutes, tend to flow around trade barriers more easily.

### Manufactures to benefit from new FTAs

India's FY26 exports (annualized) remain near FY22 levels (Fig 13), but manufactured exports surpassed their 2022-peak in 2025 despite the US tariff shock (Fig 14). Going forward, while electronics exports should continue to expand, a growing FTA network ([link](#)), such as with the EU, should support other manufactured exports. We expect India's tariff differential to fall once the US Supreme Court rules against IEEPA tariffs ([link](#)).

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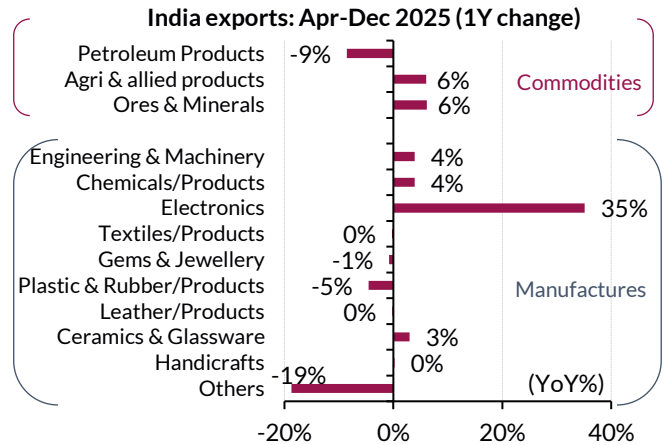
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**Exhibit 2 - Apr-Dec 2025: India's exports (US \$331Bn) split by manufactures (75%) and commodities (25%)**



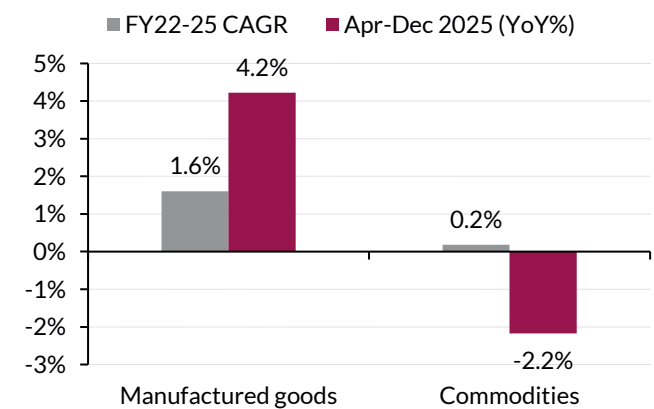
Source: DGCIS; Axis Bank Research

**Exhibit 3 - Petrochem, small manufactures fell YoY; engineering goods, chemicals and electronics grew YoY**



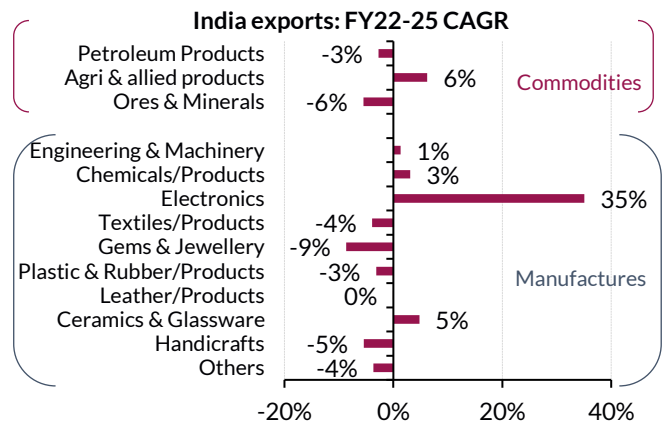
Source: DGCIS; Axis Bank Research

**Exhibit 4 - In Apr-Dec 2025, YoY growth in manufactured exports (4.2%) above FY22-25 CAGR**



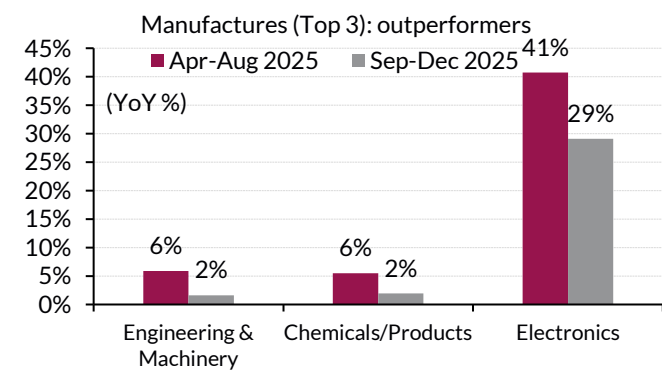
Source: DGCIS; Axis Bank Research

**Exhibit 5 - Growth in electronics, agri-commodities and chemical/products supported exports in FY22-25**



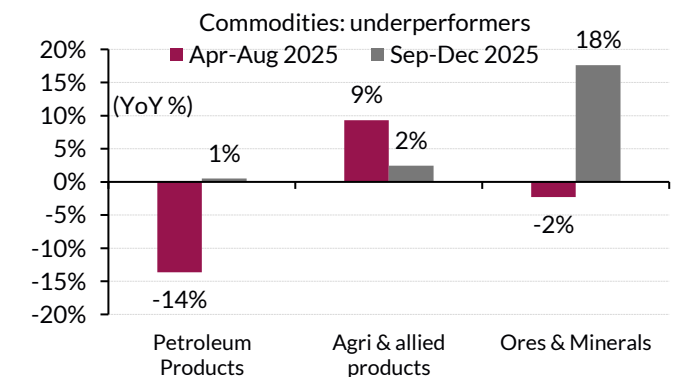
Source: DGCIS; Axis Bank Research

**Exhibit 6 - Top 3 manufactures (52% of exports) grew positively under the two US tariff regimes of 2025**



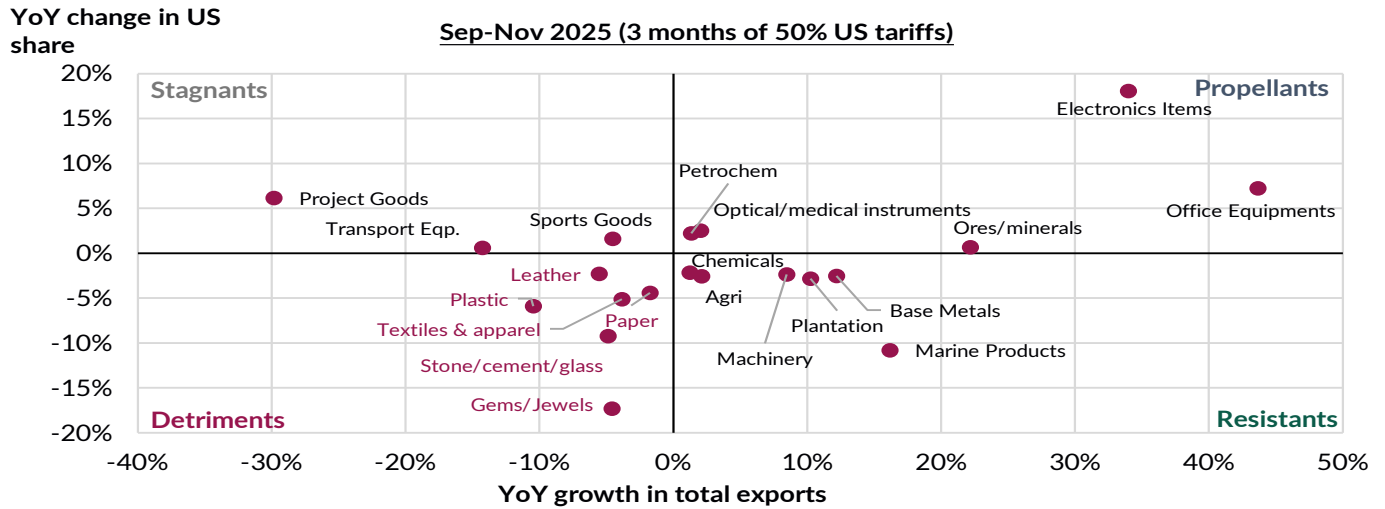
Source: DGCIS; Axis Bank Research

**Exhibit 7 - Petrochem dragged down commodities exports early in the year; recovery now underway**



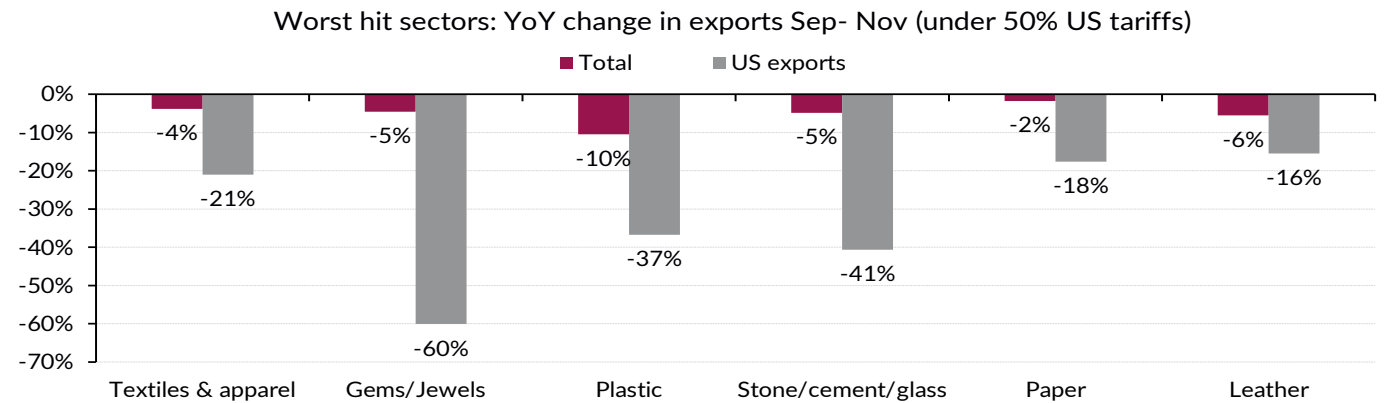
Source: DGCIS; Axis Bank Research

**Exhibit 8 - US tariffs hit textiles & apparels, gems/jewellery, leather and plastics; electronics, office equipment and ore/minerals led growth**



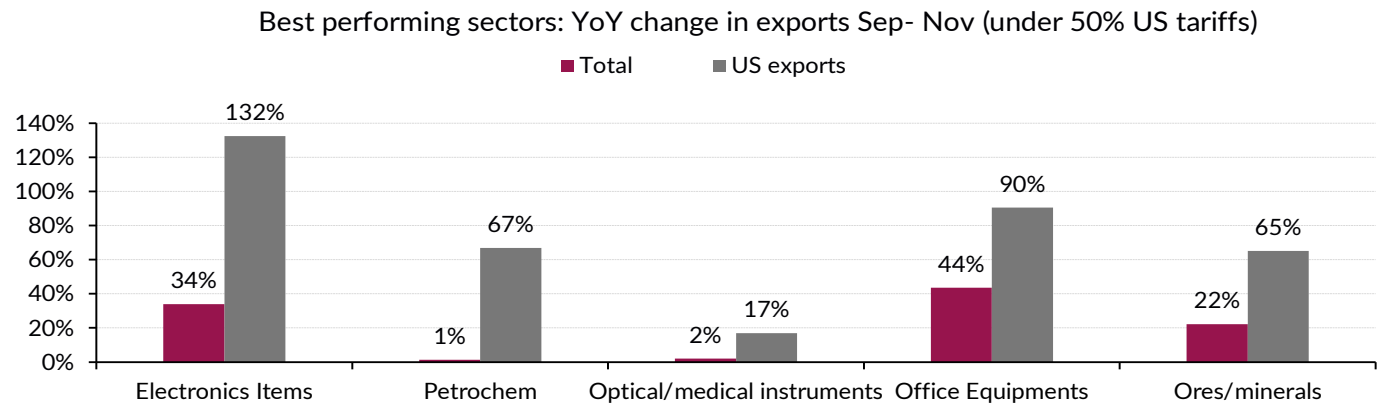
Source: DGCI; Axis Bank Research

**Exhibit 9 - In Sep-Nov 2025, gems & jewellery exports to the US fell 60% YoY**



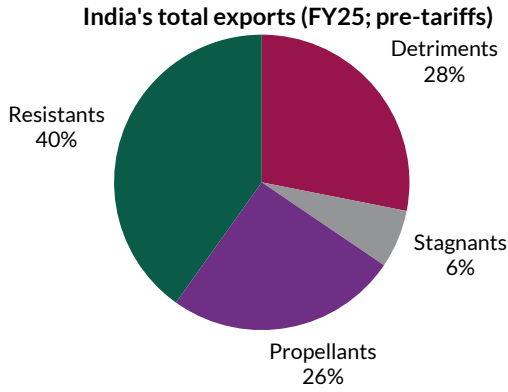
Source: DGCI; Axis Bank Research

**Exhibit 10 - In Sep-Nov 2025, electronics exports to the US rose 132% YoY**



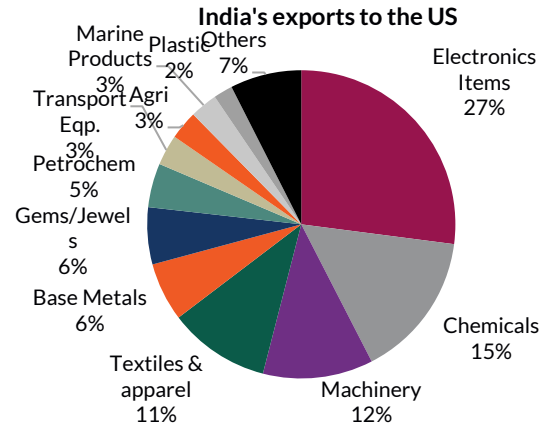
Source: DGCI; Axis Bank Research

**Exhibit 11 - By value, worst hit sectors were 28% of India's exports to the world (pre 2025 US tariffs) ...**



Source: DGCIS; Axis Bank Research

**Exhibit 12 - ...electronics is now 27% of exports to the US (vs. 11% of India's total merchandise exports)**



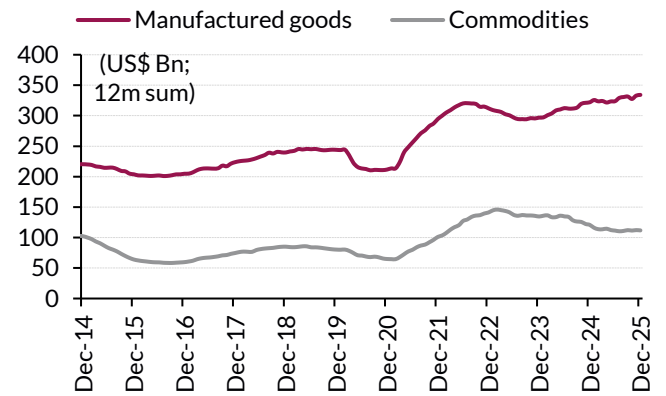
Source: DGCIS; Axis Bank Research

**Exhibit 13 - India's goods exports stagnant since FY23**



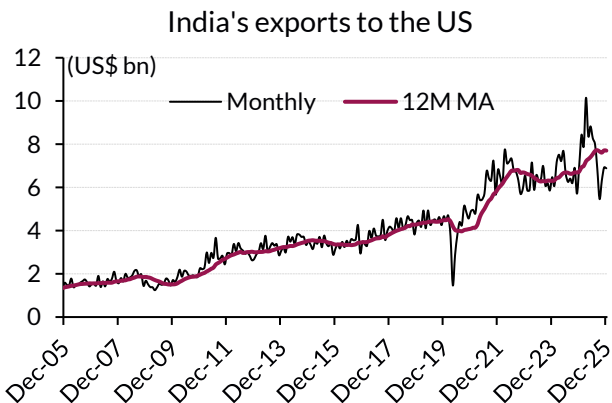
Source: DGCIS; Axis Bank Research

**Exhibit 14 - Exports of manufactures above 2022 peak**



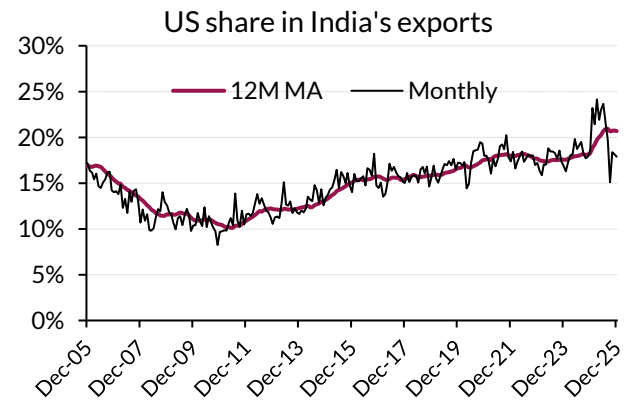
Source: DGCIS; Axis Bank Research

**Exhibit 15 - In Dec-2025, exports to the US were stable at -2% YoY and -1% MoM...**



Source: DGCIS; Axis Bank Research

**Exhibit 16 - ...US share in India's exports is at 18%, now back to Nov-2024 (the pre-frontloading) level**



Source: DGCIS; Axis Bank Research

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