INDIA'S EXTERNAL PERFORMANCE DEMONSTRATES RESILIENCE TO GLOBAL SHOCKS: ECONOMIC SURVEY 2025-26

INDIA'S SHARE OF GLOBAL MERCHANDISE EXPORTS NEARLY DOUBLED FROM 1% TO 1.8% BETWEEN 2005 AND 2024

UNCTAD RANKS INDIA AS A LEADING ECONOMY IN TRADE PARTNER DIVERSIFICATION, RANKING THIRD IN THE GLOBAL SOUTH

EXPORT MOMENTUM CONTINUES INTO FY26, WITH Q1, Q2 AND Q3 RECORDING THE HIGHEST-EVER EXPORTS FOR RESPECTIVE QUARTERS DESPITE GLOBAL UNCERTAINTIES

SERVICES EXPORTS TOUCH AN ALL-TIME HIGH OF USD 387.6 BILLION IN FY25, GROWING BY 13.6%

EXPORTS OF TELECOM INSTRUMENTS WITNESS SIGNIFICANT GROWTH OF 51.2 PER CENT (YOY) IN FY25

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Union Minister of Finance and Corporate Affairs, Smt Nirmala Sitharaman tabled the Economic Survey 2025-26 in the Parliament today. The Economic Survey states that India's external performance demonstrates resilience to global shocks and highlights the structural characteristics associated with a rapidly growing economy that is integrating more deeply into global markets.

TRENDS IN INDIA'S TRADE PERFORMANCE

Economic Survey notes that the country's steady rise as a key player in global trade is evident in its increasing share of both global merchandise exports and commercial services exports. According to the WTO's World Trade Statistics, between 2005 and 2024, India's share of global merchandise exports has nearly doubled, rising from 1 per cent to 1.8 per cent; similarly, its share in global commercial services exports has more than doubled, rising from 2 per cent to 4.3 per cent.

India has not only increased its share in global trade but has also diversified its partnerships and the range of products it trades. According to UNCTAD's Trade and Development Report 2025, India ranked among the leading economies in trade partner diversification, ranking third in the Global South and recording a trade diversity score higher than all Global North economies. In terms of the merchandise trade diversity indicator, India ranks fourth in the Global South, following Thailand, China and Turkey, with an index score of 0.88.

India's total exports reached a record USD 825.3 billion in FY25, registering a 6.1 per cent year-on-year growth, driven primarily by robust growth in services exports which experienced a 13.6 per cent (YoY) increase. This export momentum continued into FY26, with Q1, Q2 and Q3 recording the highest-ever exports for the respective quarters despite global uncertainties.

MERCHANDISE TRADE

In FY25, India's merchandise exports totalled USD 437.7 billion in which Non-petroleum exports reached a historic high of USD 374.3 billion. Electronics, pharmaceuticals, electrical machinery and automobiles emerged as key export growth drivers, reflecting rising competitiveness in higher-value manufacturing segments.

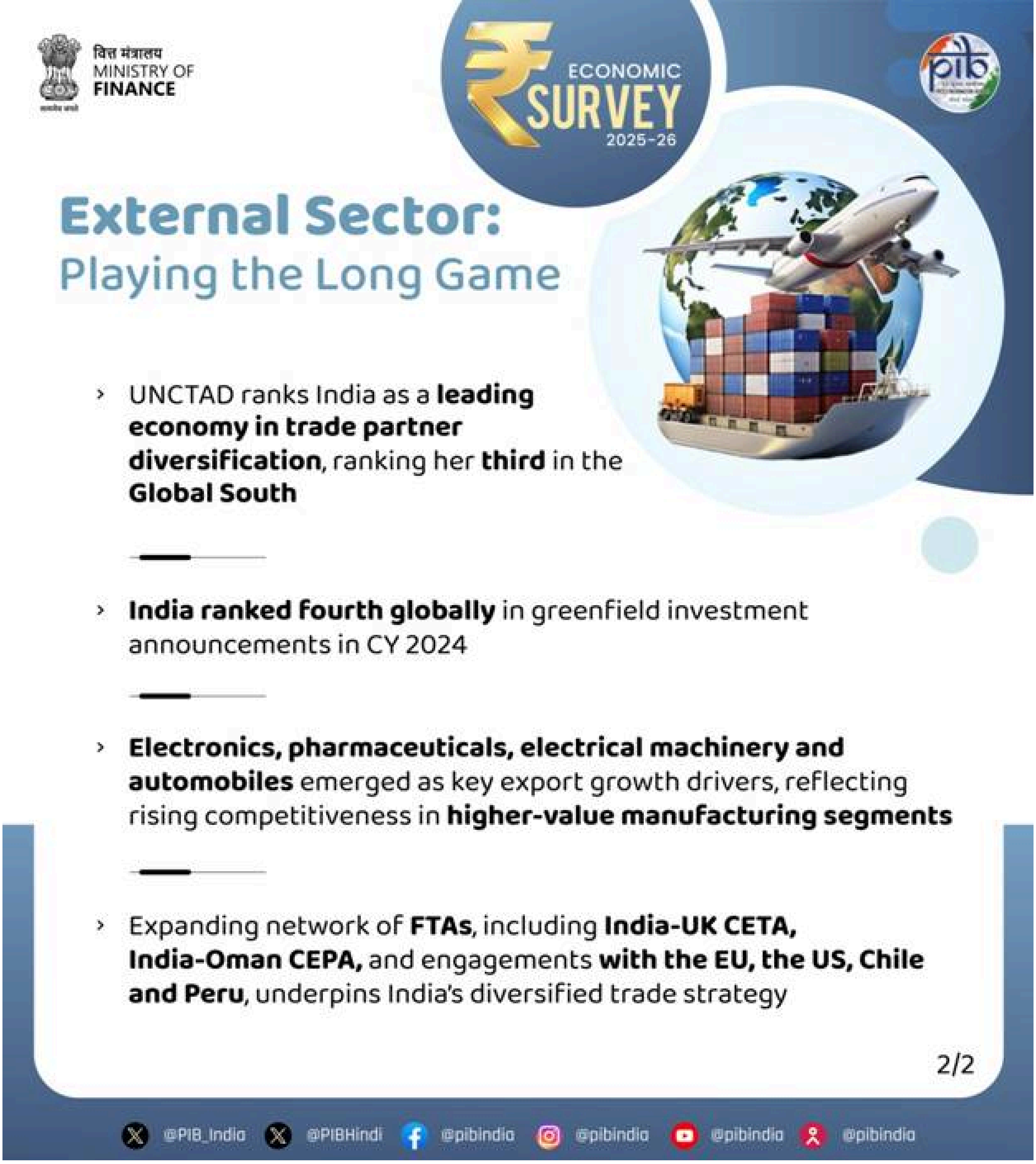
Economic Survey highlights that exports of telecom instruments witnessed a significant growth of 51.2 per cent (YoY) while those of drug formulations and biologicals experienced a growth of 11.2 per cent (YoY) in FY25. These trends are a testament to the country's increasing strength in electronic manufacturing and reaffirm its position as a global pharmaceutical hub.

Agricultural exports increased from USD 34.5 billion in FY20 to USD 51.1 billion in FY25, registering a CAGR of 8.2 per cent. The country has the potential to reach USD 100 billion of combined exports of agriculture, marine products and food and beverage in the next four years.

Survey highlights that PLI initiative has enabled the remarkable trade performance of sectors like mobile manufacturing, specific electronic components, active pharmaceutical ingredients, medical devices among others. During the period FY21-FY25, the average annual growth rate (AAGR) of exports from this sectors stand at 10.6 per cent, while imports have experienced an AAGR of 12.6 per cent.

Between FY01 and FY25, pharmaceutical exports increased from USD 1.9 billion to USD 30.5 billion in FY25, representing a nearly 16-fold rise driven by market diversification, regulatory alignment, and enhancements in capability.

On the import side, merchandise imports increased by 6.3 per cent (YoY) in FY25, amounting to USD 721.2 billion. This increase was primarily driven by a rise in non-petroleum, non-gems and jewellery imports, which increased to USD 446.5 billion from USD 421 billion in FY24. This trend is attributed to a higher demand for critical intermediate inputs and capital goods, indicating a resilient domestic demand.



An expanding network of FTAs, including the recently concluded India-UK CETA and India-Oman CEPA, and ongoing engagements with the US, Chile and Peru, underpins India's diversified trade strategy and supports deeper integration into global value chains. Negotiations for FTA with New Zealand and EU were also concluded in December 2025 and January 2026 respectively.

SERVICES TRADE

Services exports touched an all-time high of USD 387.6 billion in FY25, growing by 13.6 per cent, reinforcing India's position as a global hub for technology and business services. This growth is also due to the country's success as a global hub for Global Capability Centres (GCCs), which grew at a 7 per cent CAGR from FY20 to FY25.

At the same time, services imports registered a growth of 11.4 per cent (YoY) and amounted to USD 198.7 billion. The growth in imports is indicative of growing cross-border demand for business and financial services. As a result, in FY25, the services trade surplus increased to USD 188.8 billion, reaching the highest level ever recorded.

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