

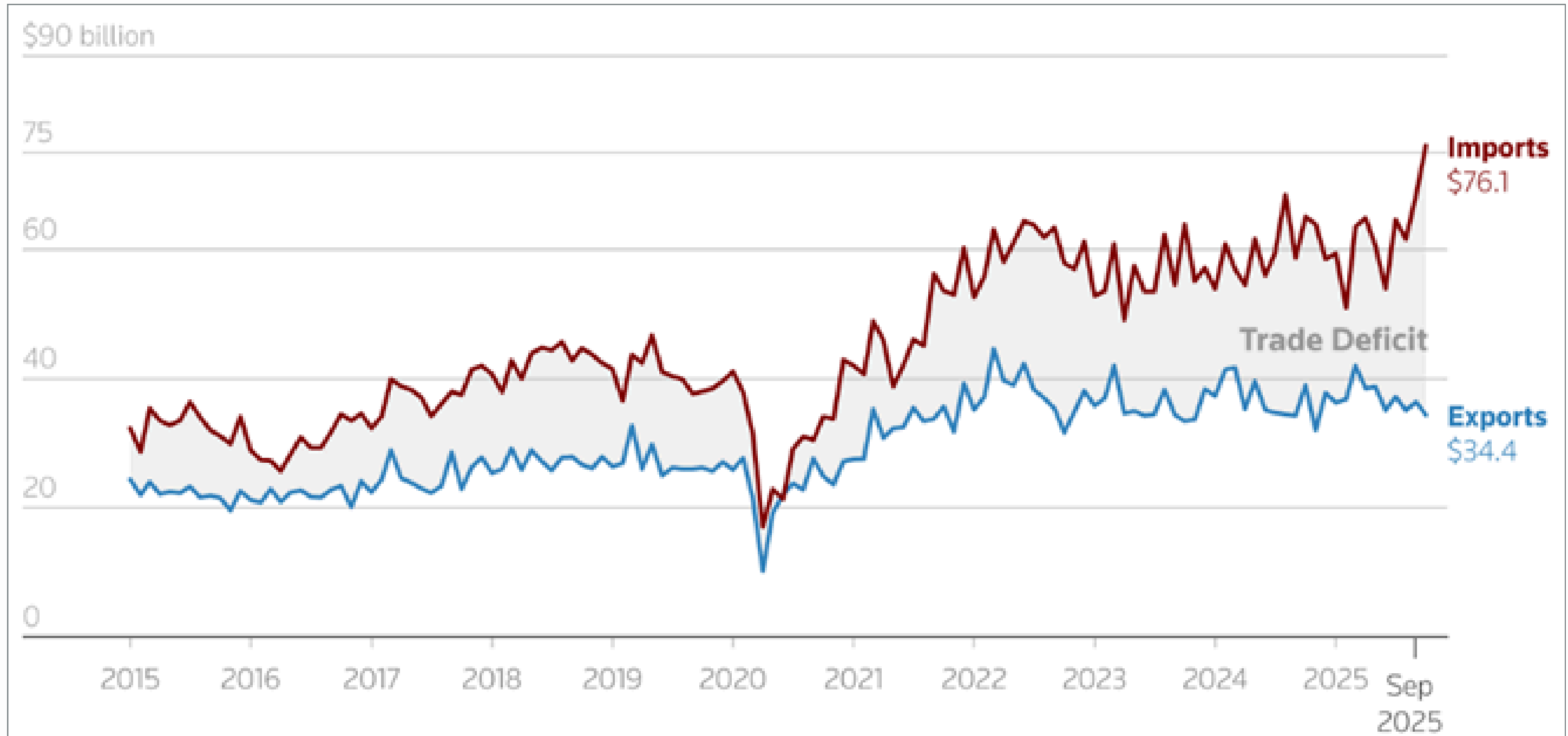
Insights Unwrapped

Why is the Rupee So Vulnerable?



6th December 2025
www.sproutresearch.in

India's Trade Deficit at Record High in October



Traded Deficit widened to USD 41 Bn in October'25 due to higher gold imports and lower exports to main trading partners, including the US, due to higher tariffs

Note: Trade numbers till Oct. 2025

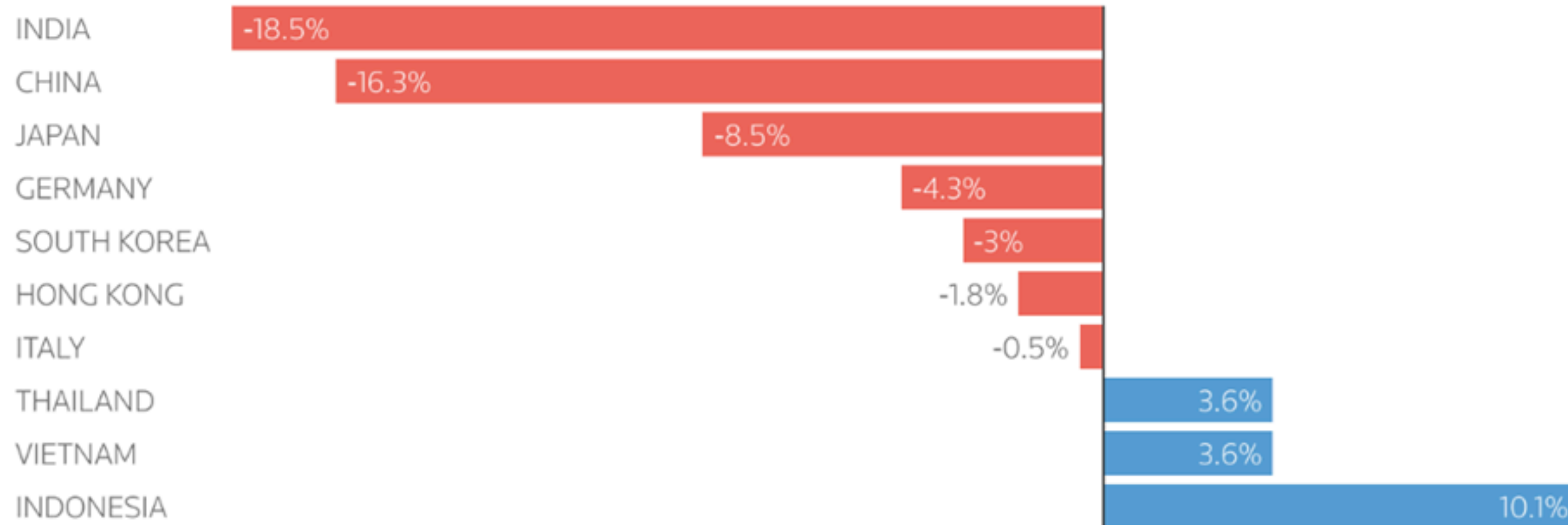
Source: LSEG Workspace, Reserve Bank of India | Reuters, Nov. 17, 2025 | Vineet Sachdev

The chart shows India's monthly Trade data with trade deficit in October 2025 being highest at \$41.6 billion

US—India’s Largest Trading Partner Sees Export and Volume Declines Amid Tariff Pressures

U.S. shipping import volumes from India fell in October

Yearly change in container import volumes from top 10 countries of origin



Note: 1. The data shows yearly change in volume of U.S. containerized imports from top 10 countries
 2. U.S. imports from the top 10 countries of origin decreased combinedly by 1717,350 TEUs compared to last year

Source: Descartes | Reuters, Nov. 17, 2025 | Vineet Sachdev

- *In volume terms, exports from India to the US fell by 18.5% in October’25*
- *In value terms, India’s exports to the top three trading partners—the US, the UAE, and the Netherlands—declined by 11.2% YoY in October 2025*
- *In absolute terms, exports to Singapore saw the sharpest drop, falling by USD 1.1 billion (55% YoY)*

Data Source:

<https://www.commerce.gov.in/trade-statistics/latest-trade-figures/>

High Festive Gold Imports Weigh on October Deficit

	<i>Mn USD</i>	Oct-24	Apr-24 to Oct-24	Oct-25	Apr-25 to Oct-25	Oct YoY (%)
Export						
(i) Total		38,983	2,52,661	34,375	2,54,254	-12%
Import						
Gold		4,921	33,959	14,724	41,239	199%
Silver		433	2,496	2,720	5,939	529%
Others Except Gold and Silve		59,857	3,87,609	58,618	4,03,900	-2%
(ii) Total		65,211	4,24,064	76,062	4,51,078	17%
(i-ii) Net Trade Deficit		26,228	1,71,403	41,686	1,96,824	59%
<i>Net Trade Deficit (Excl. Gold and Silver Imports)</i>		20,874	1,34,948	24,242	1,49,647	16%

Source: www.commerce.gov.in

Excluding gold and silver, India's trade deficit rose just 16% YoY, versus 59% with them included.

Gold's sustained price rally ahead of the festive season likely spurred short-lived speculative buying, indicating imports may cool in the coming months.

What's Eating into India's FDIs?

		(USD Bn)					
		FY21	FY22	FY23	FY24	FY25	H1FY26 (P)
(i)	Gross FDI	82.0	84.8	71.4	71.3	80.6	50.4
(ii)	Repatriation/Disinvestment <i>of which: Equity</i>	27.0	28.6	29.3	44.5	51.5	26.4
		27.0	27.2	27.1	41.3	49.5	25.3
(iii)	Outward FDI by India	11.0	17.6	14.0	16.7	28.2	16.3
(i-ii-iii)	Net FDI	44.0	38.6	28.0	10.1	1.0	7.6

Source: RBI Bulletin

- *FDI repatriation—the sending back of profits from India to investors' home countries—has been pulling down net FDI*
- *While gross FDI inflows remain robust, higher levels of repatriation, driven largely by stake sales by foreign promoters and exits by FDI investors or PE–VC funds, are weighing on the overall net inflow figures*

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