

INDIA'S IMPORTS & EXPORTS

AND ITS EFFECT ON THE COUNTRY'S GDP

A Comprehensive In-Depth Analysis | Past, Present & Future Outlook

March 2026

Sources: Ministry of Commerce & Industry (GoI) | Reserve Bank of India (RBI)
IBEF | World Bank | IMF | Invest India | Press Information Bureau (PIB)
EY India | CRISIL | Andaman Partners | Bloomberg | Business Standard | CEIC Data

Executive Summary

India's trade story is one of the most transformative economic narratives of the 21st century. From a near-closed economy in the late 1980s with total exports of barely \$18 billion, India has evolved into a global trading powerhouse, registering combined goods and services exports of \$824.9 billion in FY 2024-25 — representing a 76% surge in just a single decade since 2014-15, according to Invest India.

This report provides a comprehensive examination of how India's imports and exports have grown exponentially, how they influence GDP, what products dominate each category and why, the pivotal role of Free Trade Agreements (FTAs), India's evolving bilateral trade relationships, and what the future holds as India races toward its ambitious \$2 trillion export target by 2030.

Key Snapshot: India Trade 2024-25

Total Exports (Goods + Services): \$824.9 Bn | Total Imports (Goods + Services): \$915.19 Bn | Trade Deficit: ~\$95 Bn (2.43% of GDP) | Exports as % of GDP: 21.2% | Services Trade Surplus: \$188.57 Bn | India's Import CAGR (2000–2024): 11.3% (Andaman Partners Research).

PART I: THE PAST — A JOURNEY FROM ISOLATION TO INTEGRATION

1.1 Pre-Liberalisation Era (1947–1991): A Closed Economy

When India gained independence in 1947, it adopted a model of state-led, import-substitution industrialisation. Trade was treated with suspicion — heavily tariffed and tightly controlled. According to World Bank WITS data, India's total exports in 1990 stood at just \$17.9 billion and imports at \$23.8 billion. The trade-to-GDP ratio was a mere 15.51%, reflecting how insulated the Indian economy was from the global marketplace.

The average tariff rate in 1990 was an extraordinary 80.85%, with the maximum tariff on any single product reaching a staggering 520.93% (World Bank WITS, 1990). India exported primarily raw commodities — diamonds (\$2.6 billion), tea (\$403 million) — and imported crude petroleum and petroleum products (\$3.3 billion) as its top requirements.

GDP at the time was approximately \$321 billion (World Bank, 1990). Foreign investment was negligible. The country's balance of payments crisis in 1991, which forced India to literally pledge its gold reserves to the Bank of England, became the turning point.

1.2 The 1991 Liberalisation: The Watershed Moment

Under Finance Minister Dr. Manmohan Singh and Prime Minister P.V. Narasimha Rao, India embarked on structural reforms in 1991 — dismantling the License Raj, reducing tariffs drastically, devaluing the rupee, and opening sectors to foreign direct investment. According to Wikipedia's Foreign Trade of India, from 1992 to 2005, foreign investment in India increased by 316.9%.

The results were dramatic. India's GDP grew from \$266 billion in 1991 to \$2.3 trillion by 2018 (Wikipedia, Foreign Trade of India). Trade began its exponential rise, and India started integrating into global value chains. By the early 2000s,

India's IT sector had emerged as the country's single largest export category — an industry that barely existed in the pre-liberalisation era.

1.3 The 2000s Boom: Surging Trade on Both Sides

The decade of 2000 to 2010 saw India's trade accelerate sharply. According to Andaman Partners Research (2025), India's import bill grew more than thirteenfold from 2000 to 2024, achieving a Compound Annual Growth Rate (CAGR) of 11.3%. In absolute terms, India imported just \$53 billion worth of goods in 2000. By 2010, that figure had ballooned to over \$350 billion.

On the export side, Macrotrends data shows India's total goods and services exports were \$499 billion in 2020 and crossed \$778 billion in 2022 — a reflection of the dramatic acceleration in the post-2000 period. This era was driven by three key engines: India's booming IT and software services exports, the rapid expansion of petroleum refining and re-exports, and rising demand for Indian pharmaceuticals and engineering goods.

Year	Total Exports (\$Bn)	Total Imports (\$Bn)	India GDP (\$Tn)
1990	\$17.9 Bn	\$23.8 Bn	\$0.32 Tn
2000	~\$60 Bn	~\$53 Bn	~\$0.47 Tn
2010	~\$220 Bn	~\$350 Bn	~\$1.68 Tn
2020	\$499 Bn	\$510 Bn	~\$2.66 Tn
2022	\$778 Bn	\$897 Bn	~\$3.39 Tn
FY2024-25	\$824.9 Bn	\$915.19 Bn	~\$3.9 Tn

Sources: World Bank WITS, Macrotrends, Ministry of Commerce (GoI), CEIC Data, IMF World Economic Outlook

1.4 Import Growth: Sharp Cycles Tied to Global Events

India's import growth has not been linear. According to Andaman Partners Research (2025), the most pronounced import spikes came in 2008 (44% year-on-year growth), 2011-12 (over 30%), and 2021 (55%) — each coinciding with

periods of strong global commodity prices or post-crisis demand rebounds. Conversely, sharp contractions occurred in 2009 (-15.6%), 2015 (-14.9%), and 2023 (-8.2%) during global downturns or oil price corrections.

A critical structural factor driving India's import surge has been crude oil. India imports approximately 85% of its petroleum needs (GFE Business), making it the world's second-largest oil importer after China, according to Wikipedia's Foreign Trade of India. As India's economy grew, so did its energy appetite — and with it, the import bill.

PART II: TRADE AND GDP — THE MATHEMATICAL RELATIONSHIP

2.1 The GDP Formula: Where Trade Sits

Trade's role in GDP is defined by a fundamental macroeconomic equation:

$$\text{GDP} = \text{C} + \text{I} + \text{G} + (\text{X} - \text{M})$$

Where C = Private Consumption | I = Investment | G = Government Spending | X = Exports | M = Imports. It is the NET EXPORTS component (X - M) that directly measures trade's impact on GDP. When India exports more than it imports, net exports contribute positively. When the opposite holds, net exports are a drag on GDP — a persistent reality for India.

India consistently runs a merchandise trade deficit, meaning its import bill exceeds its goods export earnings. However, the picture changes significantly when services trade is added. India runs a large services surplus — driven by IT, consulting, and financial services exports — which partially offsets the merchandise deficit.

2.2 Trade Openness: How Interconnected is India?

The trade openness ratio (total trade as a percentage of GDP) is a key indicator of economic integration. According to the Ministry of Commerce and PIB data, India's trade openness ratio stood at approximately 44.59% in FY 2024-25. This represents a massive leap from the 15.51% recorded in 1990 (World Bank WITS), underscoring how fundamentally the liberalisation reforms transformed India's economic character.

According to PIB (Press Information Bureau, Government of India), exports alone accounted for 21.2% of India's GDP in 2024. This is a far cry from the sub-5% export-to-GDP ratios seen in the protectionist 1980s.

2.3 The Trade Deficit and Its Economic Implications

India's merchandise trade deficit has been a persistent feature of its macroeconomic landscape. According to Andaman Partners Research, the

trade deficit reached a record high of \$280 billion in 2022, fuelled by surging oil prices following the Russia-Ukraine conflict, and stood at approximately \$264 billion in 2024. The deficit as a share of GDP was 2.43% in FY 2024-25 (PIB, Government of India), widening by 25.8% from the previous year.

The deficit matters for three primary reasons. First, it pressures the Indian rupee, as more dollars must be spent on imports than earned from exports. Second, it affects India's current account deficit (CAD), which in turn influences foreign exchange reserve levels monitored by the Reserve Bank of India (RBI). Third, a sustained merchandise deficit can slow GDP growth if import spending fuels consumption of foreign goods rather than investment in domestic productive capacity.

Trade Component	FY 2024-25 Value	% of GDP / Impact
Merchandise Exports	\$437.4 Bn	~11.2% of GDP
Services Exports	\$387.5 Bn	~9.9% of GDP
Total Exports	\$824.9 Bn	~21.2% of GDP
Total Imports (Goods+Svcs)	\$915.19 Bn	~23.4% of GDP
Services Trade Surplus	\$188.57 Bn	Strong positive offset
Net Trade Balance (deficit)	~(\$95 Bn)	-2.43% of GDP drag

Sources: Ministry of Commerce (GoI), PIB Government of India, RBI Balance of Payments data

2.4 The Positive Side: How Exports Boost GDP

While the trade deficit is a drag, India's export dynamism is a powerful economic multiplier. Exports create direct employment, generate foreign exchange earnings that stabilise the rupee, attract FDI by demonstrating India's

manufacturing and service capabilities, and compel domestic industries to improve quality and productivity to meet global standards.

According to Ministry of Commerce data shared at the Exporters Conclave (2022), 50% of the incremental GDP in FY 2021-22 was contributed by the exports sector — a remarkable statistic that underscores exports' role as a GDP engine rather than just a trade number. Commerce and Industry Minister Piyush Goyal confirmed at that conclave that India's merchandise and services exports in FY 2021-22 clocked \$422 billion and \$254 billion respectively — totalling \$676 billion.

PART III: INDIA'S TOP EXPORT PRODUCTS — WHAT INDIA SELLS TO THE WORLD

3.1 Overview of India's Export Basket

According to Invest India's 2025 report 'Make in India for the World', India's exports reached an all-time high of \$824.9 billion in FY 2024-25, representing a 76% increase from 2014-15. India now exports approximately 7,500 commodities to about 190 countries (Wikipedia, Foreign Trade of India). The export basket has evolved dramatically — from raw commodities to high-value manufactured goods and technology services.

According to World's Top Exports data (2024), India's top 10 export product categories accounted for nearly 62.7% of the overall value of its global shipments. The United States remains India's single largest export destination, absorbing 18.3% of total exports, followed by the UAE, Netherlands, China, and Bangladesh.

3.2 Top Five Export Products — Detailed Analysis

EXPORT #1: Engineering Goods (~\$116.67 Billion)

Engineering goods represent India's single largest merchandise export category, encompassing industrial machinery, auto components, transportation equipment, pumps, turbines, construction equipment, and electrical products. According to Invest India (2025), engineering goods exports have risen exponentially — from \$62.26 billion in FY2014 to \$116.67 billion in FY2024, nearly doubling in a decade.

Why Engineering Leads: India's large pool of skilled engineers and its robust manufacturing base — particularly in states like Gujarat, Maharashtra, Tamil Nadu, and Haryana — provide a competitive cost advantage. The government's Production-Linked Incentive (PLI) scheme and the Make in India initiative have actively subsidised capital expenditure in this sector. Key sub-segments include

auto components (exported to Europe and North America), industrial machinery (to Africa and Southeast Asia), and electrical equipment. China, the USA, and the UAE are among the biggest buyers (Credlix, 2024).

EXPORT #2: Petroleum Products (~\$84 Billion)

India is the second-largest refiner in Asia and the fourth-largest global refining hub after the United States, China, and Russia (eBay Export Blog, 2024). Despite being a major crude oil importer, India adds substantial value through refining — converting crude into petrol, diesel, jet fuel, LPG, and petrochemicals — and re-exporting these refined products. Petroleum exports account for approximately 10.3% of India's total exports (PayGlocal, 2024).

However, according to Worldstopexports (2024), petroleum and mineral fuels imports fell by 15.6% year-over-year in 2024, reflecting global oil price corrections. The primary destinations for India's petroleum exports are the Netherlands, Singapore, UAE, South Africa, and Malaysia. This category shows the value-addition model India has mastered — buying cheap crude (increasingly from Russia at discounted prices), refining it, and selling refined products at premium.

EXPORT #3: Electronic Goods (~\$29+ Billion and Rising Fast)

Electronics is the fastest-growing export category and represents India's biggest manufacturing transformation story. According to Invest India (2025), India became the world's third-largest mobile phone exporter, with mobile phone exports surging a staggering 127 times — from ₹1,500 crore in 2014-15 to ₹2 lakh crore in 2024-25. The mobile production value also saw a 28-fold increase from ₹18,000 crore to ₹5.45 lakh crore over the same period.

According to PIB data (November 2025), electronic goods were among the fastest-growing export categories, registering 38.96% year-on-year growth. This transformation is driven primarily by Apple (assembling iPhones through Foxconn and Tata), Samsung, and other global brands setting up

manufacturing in India under the PLI scheme. The shift from assembly to component manufacturing is ongoing. Worldstopexports (2024) noted that electrical machinery and equipment was the fastest-growing top-10 export category, up 24.3% from 2023 to 2024.

EXPORT #4: Pharmaceuticals (~\$27.9 Billion)

India is globally known as the 'Pharmacy of the World' — and for good reason. According to Wikipedia's Foreign Trade of India, the pharmaceutical industry supplies around one-fifth of global demand for generic medicines and exports to over 200 countries. In the United States, Indian pharmaceutical companies supply nearly half of all generic prescriptions by volume. India also produces over 60% of the world's vaccines.

Despite an overall 3% decline in total exports, pharmaceutical exports grew 9.67% to \$27.9 billion in FY 2023-24, according to Pharmexcil data cited by Wikipedia. Invest India (2025) notes that pharma exports have nearly doubled over the past decade, and the NAFTA region (USA, Canada, Mexico) remains the largest pharmaceutical export market, absorbing nearly 37% of total pharma exports, followed by Europe (19%) and Africa (13%). By 2030, India's pharma exports are projected to reach \$65 billion (PayGlocal, 2025).

The sector's dominance is rooted in India's cost-competitive Active Pharmaceutical Ingredient (API) manufacturing, strong regulatory approvals from the US FDA and European EMA, and a massive pool of qualified scientists and chemists. PLI schemes for pharmaceuticals are further boosting domestic API production to reduce China dependency.

EXPORT #5: Gems & Jewellery (~\$30.47 Billion)

India has long been the global capital of diamond cutting and polishing. According to Invest India (2025), gems and jewellery exports were worth \$30.47 billion in FY 2024-25, with the US and UAE acting as key markets. India is a

global leader in cut and polished diamonds — primarily from Gujarat's Surat, which processes nearly 90% of the world's rough diamonds.

The sector is a significant employer, providing livelihoods to approximately 4.64 million artisans and craftspeople across India. Worldstopexports noted that gold imports for gems and precious metals rose 14.8% in 2024, with gold (unwrought) imports surging to \$51.7 billion — illustrating the sector's dependence on imported raw material. The USA, UAE, Hong Kong, Belgium, and Singapore are the primary export destinations for Indian gems and jewellery.

Export Category	Value (FY2024-25)	Key Destinations	Key Driver
Engineering Goods	\$116.67 Bn	USA, China, UAE	Make in India, PLI
Petroleum Products	~\$84 Bn	Netherlands, Singapore, UAE	Refining capacity
Electronic Goods	\$29+ Bn (fast rising)	USA, UK, EU	PLI, Apple/Samsung
Pharmaceuticals	\$27.9 Bn	USA, EU, Africa	Generics, vaccines
Gems & Jewellery	\$30.47 Bn	USA, UAE, HK	Diamond processing
IT & Services	\$387.5 Bn (services)	USA, UK, EU, Australia	Tech talent, GCCs

Sources: Invest India, Ministry of Commerce (GoI), Pharmexcil, Worldstopexports, PIB

PART IV: INDIA'S TOP IMPORT PRODUCTS — WHAT INDIA BUYS FROM THE WORLD

4.1 Overview of India's Import Basket

India's total merchandise imports in FY 2024-25 were \$720.24 billion, up from \$678.21 billion the preceding year (Dataverse, 2025). Including services imports of approximately \$195 billion, total imports crossed \$915 billion. According to Andaman Partners Research (2025), India's import bill expanded almost thirteenfold between 2000 and 2024 — from around \$50 billion to nearly \$700 billion — making India the world's seventh-largest importer, broadly on par with France and Japan in 2024.

The import basket is dominated by energy, metals, and electronics — inputs that India needs to fuel its economy and manufacturing sector but cannot produce domestically in sufficient quantity. According to Andaman Partners Research, Minerals & Fuels accounted for 33% of total imports, Machinery & Electronics 21%, and Metals 20%.

4.2 Top Five Import Products — Detailed Analysis

IMPORT #1: Crude Oil & Mineral Fuels (~\$220.6 Billion)

Crude petroleum and mineral fuels constitute India's single largest import category by a wide margin — approximately 31.4% of total imports in 2024 (Worldstopexports, 2024). Crude oil alone accounted for \$141 billion or one-fifth of total imports in 2024 (Andaman Partners). As GFE Business notes, India imports approximately 85% of its oil requirements — it is structurally dependent on foreign crude.

Why it Tops the List: India's domestic oil production is grossly insufficient relative to its 1.4 billion population's consumption needs. India's rapid industrialisation — powering factories, vehicles, aviation, and power generation — requires uninterrupted petroleum supply. Coal (\$32 billion), petroleum gases

(\$29 billion), and waste petroleum oils add further to this category's dominance (Andaman Partners, 2025; Dataverse EXIM data, 2024-25).

Geopolitically, this import has undergone a seismic shift since 2022. Following Russia's invasion of Ukraine and Western sanctions, India began importing heavily discounted Russian crude, with Russian crude imports rising by 850% year-on-year (Eximpedia, 2023). In 2024, Russia was India's second-largest import partner at 9.1% of total imports (Worldstopexports).

IMPORT #2: Electronic Goods & Electrical Machinery (~\$84.9 Billion)

Electrical machinery and electronic equipment constituted \$84.9 billion or 12.1% of India's total imports in 2024 (Worldstopexports, 2024). This category includes integrated circuits and semiconductors (\$23 billion), mobile phones (\$17 billion), automatic data processing machines (\$10 billion), flat panel displays (up 60.5% year-on-year), and a wide array of industrial electronics (Andaman Partners, 2025).

According to Dataverse (2025), approximately \$83.3 billion in electronics was imported in FY 2024-25, accounting for 11.9% of total imports. China dominates this category — accounting for nearly 15.5% of all India's imports in 2024 (Worldstopexports). The electronics import bill is a direct reflection of India's inability (so far) to manufacture semiconductors and advanced chips domestically, though this is changing with Tata and Micron's chip fab investments. A IBEF report suggests India could reduce electronic imports by \$50 billion by 2027 with expanded local manufacturing (GFE Business).

IMPORT #3: Gold & Precious Metals (~\$61.6 Billion)

Gold is India's second-largest commodity import, deeply rooted in cultural, religious, and investment traditions. India imports over 700 tonnes of gold every year (GFE Business). In FY 2024-25, precious metals (including gold) constituted approximately \$61.6 billion or 8.8% of total imports (Dataverse,

2025). Gold (unwrought) imports alone touched \$51.7 billion in 2024 — up 21.4% year-on-year (Worldstopexports).

Gold serves dual purposes in India: as a raw material for the \$30+ billion gems and jewellery export industry, and as a financial asset for Indian households. According to TDollarBusiness, banks and registered agencies import gold in India, with HDFC Bank among the top importers. The primary sources are Switzerland (\$3.1% share), UAE (\$8.6% share), and South Africa. The cultural tradition of gifting gold at weddings, festivals, and religious ceremonies ensures India's gold import demand is structurally persistent regardless of global prices.

IMPORT #4: Machinery, Nuclear Reactors & Boilers (~\$26 Billion)

Industrial machinery — including agricultural equipment, IT hardware, pumps, turbines, and specialised manufacturing equipment — constitutes approximately \$26 billion or 3.7% of India's total imports (Dataverse, 2025). Leading exporters in this category are Germany, the United States, and Japan.

This is a 'productive' import — machinery imported today creates manufacturing capacity that generates exports tomorrow. Much of India's capital goods import is directed toward setting up new factories (particularly in electronics, pharmaceuticals, and textiles), upgrading industrial infrastructure, and equipping the healthcare sector. While the current account takes a short-term hit, the long-term multiplier effect on industrial output and employment is substantial.

IMPORT #5: Organic Chemicals (~\$21–25 Billion)

India is the world's third-largest pharmaceutical exporter, yet paradoxically imports large quantities of organic chemicals — particularly Active Pharmaceutical Ingredients (APIs) and chemical intermediates — primarily from China. This dependency became starkly visible during the COVID-19 pandemic when supply chain disruptions highlighted India's over-reliance on Chinese APIs.

The government has responded with dedicated PLI schemes for bulk drugs and API manufacturing to build domestic chemical production capacity. According to the Ministry of Chemicals and Fertilisers, India aims to reduce Chinese API dependency from over 60% to under 30% by 2027 through PLI-incentivised domestic production.

Import Category	Value (2024-25)	% of Total Imports	Primary Source Countries
Crude Oil & Mineral Fuels	\$220.6 Bn	31.4%	Russia, Iraq, Saudi Arabia, UAE
Electronic Goods & Machinery	\$84.9 Bn	12.1%	China, Vietnam, South Korea
Gold & Precious Metals	\$61.6 Bn	8.8%	Switzerland, UAE, South Africa
Machinery & Capital Goods	\$26 Bn	3.7%	Germany, USA, Japan
Organic Chemicals & APIs	~\$21-25 Bn	~3%	China, Germany, USA

Sources: Worldstopexports, Andaman Partners Research, Dataverse EXIM Data, Ministry of Commerce (GoI)

PART V: FTAs AND BILATERAL TRADE RELATIONS

5.1 Overview: India's FTA Architecture

Free Trade Agreements (FTAs), Comprehensive Economic Partnership Agreements (CEPAs), and Comprehensive Economic Cooperation Agreements (CECAs) are India's tools for dismantling trade barriers and creating preferential market access. According to India Briefing (2025), India has signed 13 FTAs and six Preferential Trade Agreements (PTAs) with various countries, ensuring preferential trade relationships with over 50 countries.

As ClearTax (2026) noted, 2025 marked a breakthrough year for India's trade diplomacy, with three new agreements concluded — India-UK Comprehensive Economic & Trade Agreement (CETA), India-Oman CEPA, and India-New Zealand FTA — alongside the India-EFTA Trade and Economic Partnership Agreement (TEPA) entering into force on October 1, 2025. This brings India's active FTAs to 16+.

5.2 Key FTAs — Landmark Agreements and Their Impact

India-UAE CEPA (2022) — Fastest FTA Ever Negotiated

The India-UAE Comprehensive Economic Partnership Agreement, negotiated and signed in just 88 days — the fastest FTA in India's history — entered into force in May 2022. According to PIB (Government of India), this agreement substantially reduced tariffs on over 90% of Indian exports, particularly gems and jewellery, textiles, leather, and engineering goods. The UAE eliminated duties on 97% of its tariff lines corresponding to 99% of imports from India, and 90% of India's exports to the UAE became duty-free immediately (India Briefing).

The India Briefing estimates that the CEPA benefits approximately \$26 billion worth of Indian products previously subjected to UAE import duties. The target is to exceed \$100 billion in bilateral trade. The UAE additionally serves as a

strategic re-export hub for Indian goods reaching Africa and Europe — a multiplier effect that extends beyond bilateral trade.

India-UK Comprehensive Economic & Trade Agreement (CETA, 2025)

After 16 years of negotiations between India and New Zealand, and three years of talks with the UK, both agreements concluded in 2025. The India-UK CETA was signed on July 24, 2025, following Prime Minister Modi's UK visit, and is projected to add \$34 billion in annual bilateral trade through tariff cuts on services, IT, and goods (ClearTax, 2026). The UK is offering duty-free access on 99% of India's tariff lines, while India is reducing tariffs on 90% of British goods, with 85% becoming completely duty-free over 10 years (TradeBrains, 2025).

India's major beneficiaries under the UK-CETA include textiles, leather, pharmaceuticals, engineering goods, IT services, and agricultural products (spices, tea, processed foods). The UK market for Indian textiles and leather alone is estimated at \$3-4 billion (TradeBrains, 2025).

India-EFTA TEPA (2024, In Force October 2025)

India marked its first FTA with developed European nations by signing a Trade and Economic Partnership Agreement with EFTA (Switzerland, Norway, Iceland, Liechtenstein) in March 2024, which came into force October 1, 2025. This agreement is unique in including a landmark commitment of USD 100 billion in investment from EFTA countries over 15 years, expected to create approximately one million jobs in India (PIB, Government of India). It improves market access for Indian pharmaceuticals, engineering goods, and services (India Briefing, 2025).

India-Australia ECTA (2022)

The Economic Cooperation and Trade Agreement with Australia was signed in December 2022. India-Australia bilateral trade stood at \$24 billion in FY 2024-

25 according to DAFF Australia data. The agreement is eliminating or reducing tariffs on most traded goods between the two countries.

India-Oman CEPA (December 2025) — Latest Agreement

India's most recent trade agreement — the India-Oman CEPA, signed December 17, 2025 — offers 98% of Indian exports (textiles, gems, engineering, food) duty-free access to Oman, set to enter force in Q1 2026. Bilateral trade stood at \$10.6 billion in FY 2024-25, with India serving as Oman's fourth-largest source of non-oil imports (TradeBrains, December 2025).

5.3 Key Bilateral Trade Relationships

Country / Region	Trade Relationship	Key Dynamics
United States	Largest export destination (18.3%)	IT services, pharma, gems, engineering goods; mutual FTA talks ongoing
China	Largest import partner (15.5%)	\$99.2 Bn net deficit in 2024-25; India seeks to reduce dependency
UAE	Critical trade + re-export hub	CEPA operative; gems, textiles, petroleum; gateway to Africa/Europe
Russia	Surging import partner (9.1%)	Discounted crude oil (850% import rise post-2022); limited Indian exports
ASEAN (10 nations)	FTA since 2010	India's largest regional FTA; growing electronics and machinery trade
UK	CETA signed 2025	\$34Bn incremental trade projected; services, IT, pharma, textiles
EFTA (4 nations)	TEPA in force Oct 2025	\$100Bn investment pledge + pharma and services market access

Sources: India Briefing, PIB Gol, Worldstopexports, TradeBrains, ClearTax, Andaman Partners

5.4 FTA Utilisation: Are Indian Exporters Using These Agreements?

A critical measure of FTA effectiveness is utilisation. According to India Briefing (2025), Indian authorities issued 720,996 Certificates of Origin in FY 2024-25, up from 684,724 in FY 2023-24. These certificates allow exporters to claim preferential duty rates under applicable FTAs. Newer FTA agreements are showing significantly improved utilisation rates of 79-84% (TradeBrains, 2025) — a stark improvement over the historically low utilisation of older ASEAN-era agreements.

PART VI: THE FUTURE OUTLOOK — INDIA'S TRADE AMBITION

6.1 The \$2 Trillion Export Target by 2030

India has set an audacious trade target — \$2 trillion in combined goods and services exports annually by 2030. This was formally enshrined in the Foreign Trade Policy 2023 (FTP 2023) released by the Ministry of Commerce on April 1, 2023 (Business Standard). Commerce & Industry Minister Piyush Goyal, speaking at the Exporters Conclave in October 2022 (PIB, Government of India), broke this down as: \$1 trillion in merchandise exports at a CAGR of 11-12%, and \$1 trillion in services exports at a CAGR of 18-19%.

According to Bloomberg (2023), the \$2 trillion target is more than double India's earlier goal of \$900 billion set between 2015 and 2020 — which was missed. However, India's progress since 2022 has been encouraging: FY 2024-25 exports of \$824.9 billion already represent 41% of the target with five years to go. EY India (2025) notes that the Union Budget 2025 has positioned exports as the fourth growth engine, with key initiatives backing MSME export capacity and digital trade infrastructure.

India's Export Trajectory Toward \$2 Trillion

FY 2021-22: \$676 Bn | FY 2022-23: \$770 Bn (all-time high at that point) | FY 2024-25: \$824.9 Bn (new all-time high) | Target by 2030: \$2 Trillion (Merchandise: \$1 Tn + Services: \$1 Tn). Required CAGR 2025-2030: ~19-20% overall. Sources: PIB GoI, Ministry of Commerce, Bloomberg, Business Standard.

6.2 Growth Drivers for Exports — Sector-Wise Outlook

Electronics & Semiconductors

This is India's biggest bet for export growth. With Apple now manufacturing in India and targeting \$25 billion in iPhone production annually, and with Tata

Electronics and Micron setting up India's first chip fab plants, India is on a trajectory to become a significant global electronics exporter. According to PIB November 2025 data, electronic goods exports were already growing at 38.96% year-on-year — the fastest among major export categories.

Pharmaceuticals — The \$65 Billion Vision

India's pharma exports are projected to reach \$65 billion by 2030 (PayGlocal, 2025) from \$27.9 billion today — a more than doubling. New markets in Africa and Latin America, increasing biosimilar demand, and India's growing presence in regulated markets through USFDA approvals will drive this. The PLI scheme for pharmaceuticals is further boosting API self-sufficiency, which will reduce import costs and expand export margins.

IT & AI-Led Services

India's services exports reached a record \$387.5 billion in FY 2024-25, growing over 20% and already representing 47% of the \$1 trillion services target. According to RBI data cited in Business Economics, software exports to the USA and Canada were \$86.9 billion in FY 2021-22 alone — and this has grown significantly since. The pivot toward AI, Global Capability Centres (GCCs), and cloud services is expected to accelerate growth at a CAGR of 18-19%.

Defence Exports

India's defence exports are a rising star. The government targets ₹3 lakh crore in domestic defence manufacturing by 2029, with a significant portion aimed at exports. India has already signed defence agreements with multiple nations, and the Make in India defence initiative has attracted global OEMs to manufacture locally.

6.3 Import Outlook — Reducing Strategic Vulnerabilities

India's import future is shaped by two competing forces: rising demand driven by economic growth and growing crude oil imports, counterbalanced by deliberate policies to reduce critical import dependencies. According to GTRI

(Global Trade Research Initiative) data cited by Eximpedia (2026), India's top 10 imports are expected to rise by approximately 16% in the current fiscal year due to increases in crude oil, coal, diamonds, chemicals, and electronics.

However, strategic initiatives are underway to reduce the import bill over the medium term. The government's renewable energy push — targeting 500 GW of non-fossil fuel capacity by 2030 — aims to reduce crude oil dependency, which would dramatically cut the single largest import item. Similarly, domestic electronics manufacturing under the PLI scheme targets a \$50 billion reduction in electronics imports by 2027 (GFE Business, citing IBEF). These two levers alone could narrow India's merchandise trade deficit by \$70-80 billion by 2030.

6.4 FTAs in the Pipeline — Expanding Market Access

India's FTA agenda is aggressive. According to ClearTax (2026) and TradeBrains (2025), active negotiations are underway with the European Union (where 11 rounds of talks have been completed targeting end-2025 conclusion), the United States (mini-deal talks ongoing), Chile (focusing on lithium for EVs), and the Eurasian Economic Union (EAEU — covering Russia, Kazakhstan, Belarus, Armenia, Kyrgyzstan). A successful India-EU FTA — covering a \$1+ trillion trading relationship — would be India's single most impactful trade agreement, opening Europe's 450-million consumer market to Indian goods on preferential terms.

India's 2025 FTAs — particularly with the UK, Oman, New Zealand, and the EFTA — position India for \$500+ billion in annual exports by 2030 with an emphasis on services and digital trade, including IT/ITeS, finance, and critical minerals (ClearTax, 2026).

6.5 India's Trade GDP Impact — Forward Projections

Metric	Current (FY2024-25)	Projected (2030)
Total Exports (Goods+Svcs)	\$824.9 Bn	\$2 Trillion (GoI Target)
Merchandise Exports	\$437.4 Bn	\$1 Trillion
Services Exports	\$387.5 Bn	\$1 Trillion
Trade Openness Ratio	~44.59%	50-55% (estimated)
Exports as % of GDP	21.2%	25-27% (estimated)
Electronics Exports	~\$29 Bn	\$100+ Bn (PLI target)
Pharma Exports	\$27.9 Bn	\$65 Bn
IT/Services Exports	~\$200 Bn	\$400+ Bn

Sources: Ministry of Commerce FTP 2023, PIB GoI, PayGlocal, EY India, Bloomberg, Invest India

CONCLUSION: TRADE AS INDIA'S ECONOMIC DESTINY

India's trade story encapsulates the broader narrative of its economic transformation. From an isolated, tariff-laden economy in 1990 with \$18 billion in exports, India has emerged as one of the world's most dynamic trading nations, with exports crossing \$824.9 billion in FY 2024-25 and an ambitious \$2 trillion target by 2030.

The relationship between trade and GDP is nuanced. While India's persistent merchandise trade deficit (dragging GDP by 2.43%) is a structural challenge, this is increasingly offset by a services trade surplus of \$188.57 billion — a testament to India's unique competitive advantage in knowledge-based services. The evolution of India's export basket from raw commodities to high-value engineering goods, electronics, pharmaceuticals, and technology services represents a qualitative upgrade that bodes well for long-term GDP growth.

India's import strategy must simultaneously serve two masters: meeting the economy's immediate energy, technology, and raw material needs, while pursuing strategic self-sufficiency in critical sectors — semiconductors, APIs, defence equipment, and renewable energy. The government's PLI-driven manufacturing renaissance is the bridge between these imperatives.

The FTA architecture India is building — from the UAE CEPA to the UK CETA, EFTA TEPA, and ongoing negotiations with the EU and USA — is creating a web of preferential trade relationships that will determine India's export competitiveness for the next two decades. If executed well, India's trade-driven GDP growth could add percentage points to economic expansion well beyond what domestic consumption alone can deliver.

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