

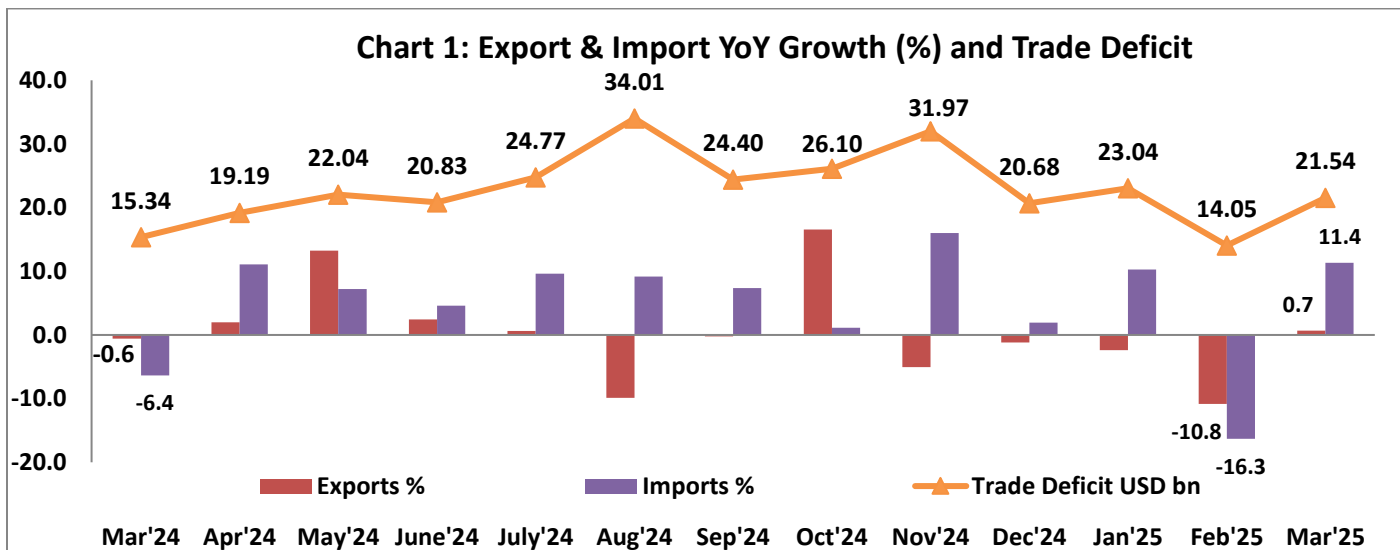
Macro Insights

Highlights:

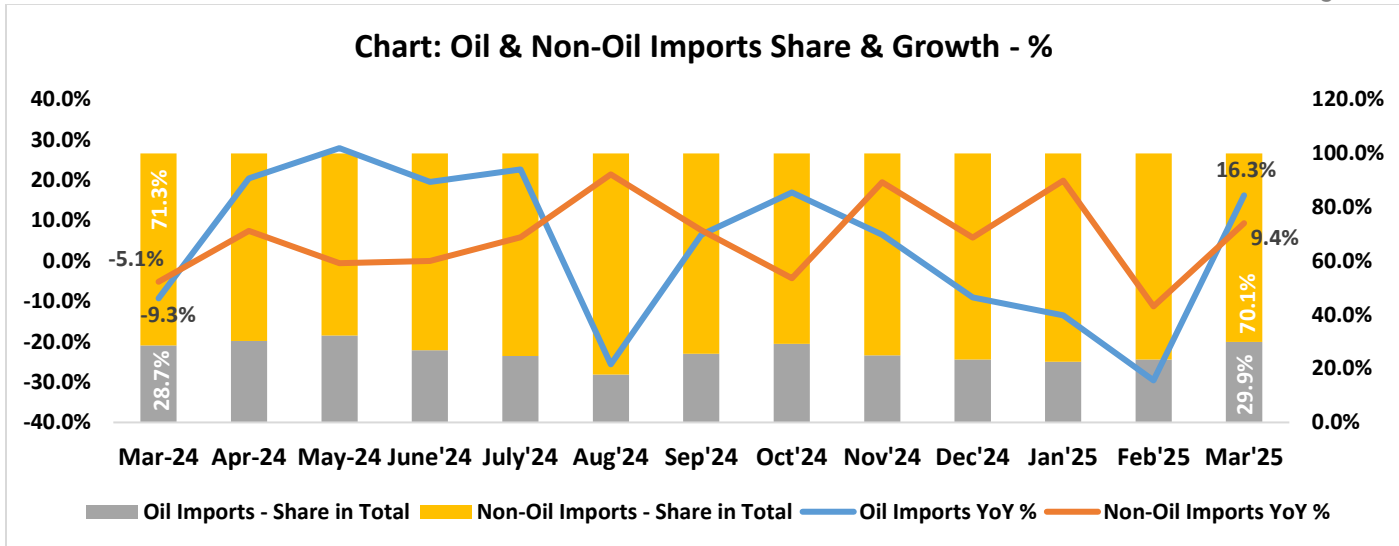
Trade Deficit widens to 21.54 USD billion in March 2025

India's merchandise trade deficit widened to \$21.54 billion in March 2025 from a three and a half year low of \$14.05 billion in February 2025. The difference between imports and exports of goods stood at \$15.34 billion in March 2024.

- Merchandise exports rose marginally after 4 months of contraction in Mar'25 by 0.67% YoY to \$41.97 billion, due to a modest 2.2% YoY increase in non-oil exports.
- For FY 2024-25, merchandise exports were flat at \$437.42 billion compared to \$437.07 billion in the same period last year, recording a growth of 0.08%.
- Meanwhile, merchandise imports increased by 11.4% YoY, driven by 16.3% and 9.4% rise in oil and non-oil imports respectively.
- For FY 2024-25, merchandise imports grew by 6.2% YoY to \$720.24 billion compared to \$678.21 billion in FY 2023-24.



Month	Exports	Imports	Trade Deficit
Mar'24	41.69	57.03	-15.34
Mar'25	41.97	63.51	-21.54
YoY Growth (%)	0.67	11.36	



Insights:

- ✓ The trade deficit is mainly due to an increase in imports of crude oil and petroleum products and gold. Import of crude and petroleum products stood at the highest in 9 months, exhibiting an increase of 16.3% YoY at \$19 billion (bn), whereas imports of gold stood at \$4.5 bn, recording a sharp growth of 192.1% YoY.
- ✓ Imports of non-oil and non- gold and silver products grew at 4.1% YoY.
- ✓ Within merchandise exports, while growth of petroleum products fell by 9.5% YoY, mainly due to softening of global crude oil prices, non-oil exports were recorded at their highest level ever at \$37 bn, registering an increase of 2.2% on a YoY basis. Major commodities that saw a decline in exports were organic and inorganic chemicals (-24.5% YoY) and engineering goods (-3.9% YoY).
- ✓ However, exports of electronic goods (29.6% YoY), drugs and pharmaceuticals (31.2%), gems and jewellery (10.6% YoY) and rice (7.6% YoY) posted positive YoY growth.

Views:

- ✓ Estimates of services exports during FY 2024-25 stood at \$383.51 bn, recording a YoY growth of 12.4%, whereas services imports grew by 9.3% YoY to \$194.95 bn, resulting in a surplus of \$188.56 bn. The trade surplus in services and steady remittances are expected to maintain Current Account Deficit (CAD) within manageable limit in FY25.
- ✓ Goods exports to United States exhibited a growth of 11.6% in FY 2024-25 over FY 2023-24, while imports from US also grew, albeit at a smaller pace of 7.4% during the same period. As a result, India's trade surplus with US increased by 16.6% in FY25 to \$41.18 bn. This assumes significance as President Trump imposed reciprocal tariffs of 26% on Indian goods exports complaining of rising US trade deficit before announcing a 90-day pause on such tariff hikes for all countries.
- ✓ India is proactively engaged in trade talks with the US to work out a multi-sector Bilateral Trade Deal by end of this year.

Top commodity groups exhibiting the most positive and negative growths YoY:

Exports				
Commodity groups exhibiting positive growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Jan'24	Jan'25	
1	Coffee	189.7	264.0	39.2%
2	Drugs and pharmaceuticals	2,805.7	3,681.5	31.2%
3	Electronic goods	3,522.1	4,563.5	29.6%
Commodity Groups exhibiting negative growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Jan'24	Jan'25	
1	Handicrafts excluding handmade carpet	279.5	130.4	-53.3%
2	Organic and inorganic chemicals	3,799.1	2,868.8	-24.5%
3	Oil meals	142.3	117.2	-17.7%

Imports				
Commodity groups exhibiting positive growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Jan'24	Jan'25	
1	Gold & Silver	2,349.2	4,595.8	95.6%
2	Sulphur & unroasted iron pyrites	16.8	30.0	79.1%
3	Cotton Raw & Waste	48.8	79.0	62.0%
Commodity Groups exhibiting negative growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Jan'24	Jan'25	
1	Project goods	284.6	36.3	-87.3%
2	Coal, coke & briquettes, etc.	3,220.4	2,248.5	-30.2%
3	Transport equipment	3,427.6	2,552.4	-25.5%

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