

March 17, 2025

India's Trade Deficit Narrows to \$14.05 Bn in Feb'25

- ✓ Trade deficit narrowed to \$14.05 bn in Feb'25, the lowest in over three years, compared to \$22.99 bn in Jan'25, due to sharp decline in Imports from \$ 60.92 billion in February 2024 to \$ 50.96 in February 2025.
- On yearly basis, imports contracted by 15.22% in Feb'25, while exports registered a contraction of 10.84%.
- In imports:
 - ✓ Gold imports contracted by 12.97% m-o-m compared to 42.86% monthly contraction in Jan'25.
 - ✓ Oil imports also recorded contraction of 11.46% m-o-m compared to 12.05% in Jan'25.
 - ✓ Non-oil non-gold imports contracted by 15.18% m-o-m in Jan'25 compared to 8.33% in Jan'25
- In exports:
 - ✓ Oil exports contracted by 29.41% monthly in Feb'25 compared to 58.66% contraction in Jan'25
 - ✓ Non-oil exports contracted by 5.37% m-o-m in Feb'25 compared to 0.69% m-o-m growth in Jan'25.

Trade deficit has widened to \$261.06 Bn in Apr'24-Feb'25 compared to \$225.81 Bn in the same period a year earlier. In the near-term the potential trade impact of reciprocal US tariffs is a major issue. This could lead to a decline in Indian exports to U.S. India's efforts to diversify its export and pursue FTAs and boost domestic manufacturing can help mitigate the impact of trade war.

The governments should promote the MSME Industry to boost manufacturing sector exports.

Figure 1: Trade deficit widens in Feb'2025

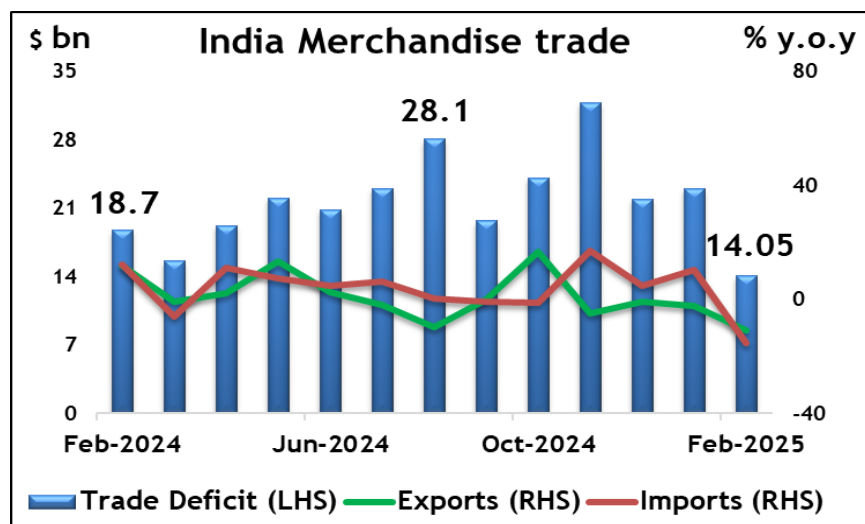


Figure 2: Services surplus rose in Jan'25

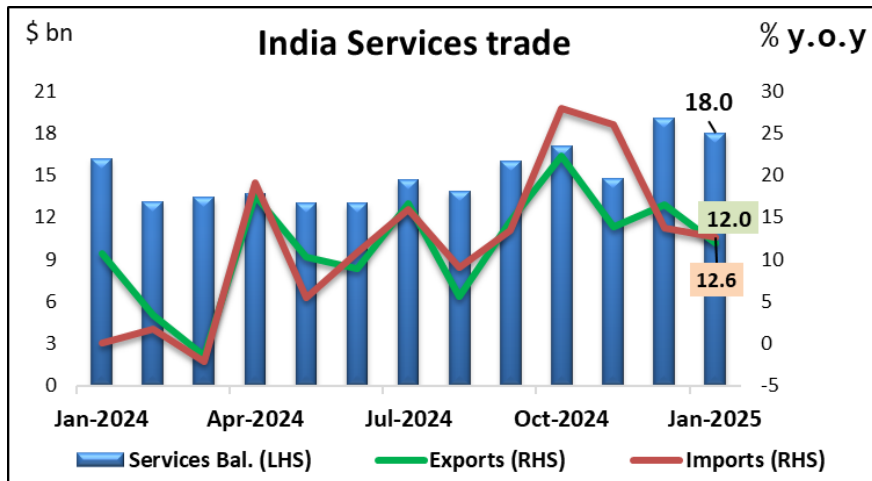


Figure 3: Heavy-weight export items recorded contraction

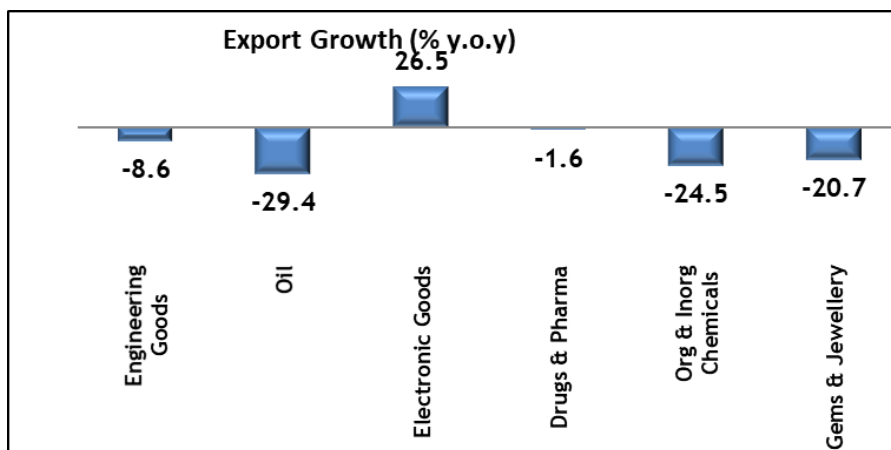
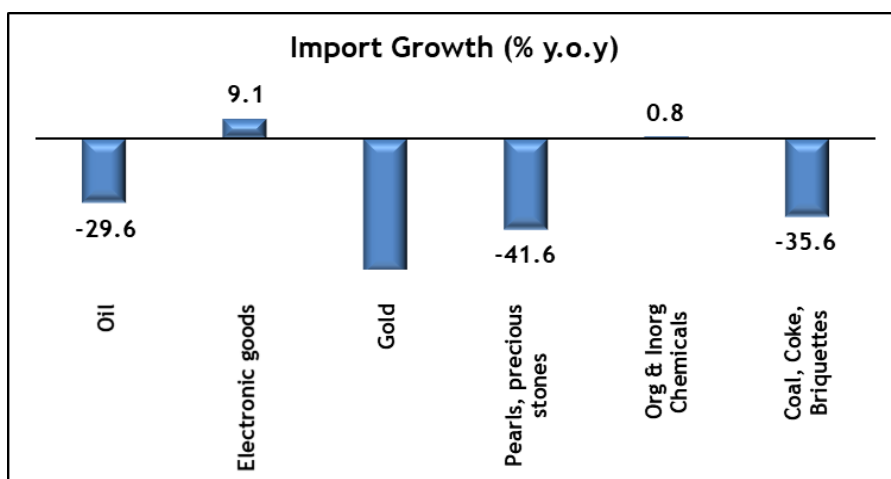


Figure 4: Gold Import recorded strong growth in Feb'25



➤ Implications

- ✓ Low trade deficit augurs well for stability of Rupee.
- ✓ Export decline trend could continue if global growth slow down persists.
- ✓ Declining exports leads to slower accretion to forex reserves which lowers import cover of our forex.

Figure 5: Trends in Indian Exports

Trends in Indian Exports - Top 20 Commodities (Value in USD Bn)															
Commodity	Share (%)	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	y-o-y% growth in Feb-2025
Engineering Goods	24.61%	9.94	11.28	8.67	9.99	9.39	9.04	9.44	9.82	11.26	8.90	10.84	9.42	9.08	-8.6%
Oil	15.75%	8.24	5.39	6.62	6.78	5.52	5.23	5.96	4.74	4.59	3.72	4.92	3.56	5.81	-29.4%
Electronic Goods	10.27%	3.00	3.52	2.65	2.97	2.82	2.81	2.33	2.07	3.43	3.47	3.58	4.11	3.79	26.5%
Gems & Jewellery	6.86%	3.20	2.62	2.26	2.76	2.25	1.84	2.00	2.82	3.25	2.07	2.13	3.00	2.53	-20.7%
Drugs & Pharma	6.70%	2.51	2.80	2.43	2.30	2.47	2.31	2.35	2.57	2.62	2.16	2.49	2.59	2.47	-1.6%
Org & Inorg Chemicals	6.04%	2.95	3.80	2.50	2.31	2.29	2.27	2.37	2.36	2.72	1.99	2.45	2.35	2.23	-24.5%
Ready Made Garments	4.16%	1.48	1.47	1.20	1.36	1.29	1.28	1.27	1.11	1.23	1.12	1.46	1.61	1.53	4.0%
Rice	3.23%	1.05	1.10	0.95	1.00	0.85	0.83	0.79	0.69	1.05	1.14	1.43	1.37	1.19	13.2%
Cotton Yarn/Fab	2.66%	1.03	1.09	0.95	1.01	0.96	0.97	1.01	1.05	1.05	0.87	1.05	1.04	0.98	-4.4%
Plastic & Linoleum	1.84%	0.73	0.79	0.67	0.76	0.70	0.73	0.76	0.79	0.81	0.70	0.78	0.73	0.68	-6.7%
Marine Products	1.38%	0.49	0.53	0.49	0.58	0.56	0.57	0.55	0.63	0.81	0.76	0.72	0.54	0.51	3.4%
Coal, Mica	1.34%	0.40	0.48	0.34	0.39	0.42	0.36	0.37	0.37	0.44	0.34	0.49	0.47	0.50	24.2%
Meat, dairy & poultry	1.22%	0.42	0.42	0.32	0.38	0.31	0.46	0.43	0.43	0.45	0.45	0.51	0.52	0.45	6.7%
Spices	1.17%	0.43	0.58	0.41	0.36	0.32	0.34	0.34	0.33	0.38	0.32	0.37	0.34	0.43	0.6%
Fruits & Vegetables	1.12%	0.41	0.43	0.29	0.30	0.25	0.28	0.28	0.28	0.32	0.29	0.33	0.30	0.41	1.7%
Man-made Yarn/Fabs	1.07%	0.43	0.44	0.37	0.41	0.38	0.41	0.42	0.42	0.44	0.35	0.42	0.43	0.40	-8.4%
Leather & pdts	0.89%	0.33	0.34	0.30	0.36	0.39	0.41	0.41	0.36	0.37	0.33	0.37	0.38	0.33	-1.6%
Ceramic products	0.82%	0.34	0.37	0.34	0.36	0.32	0.32	0.32	0.32	0.36	0.30	0.37	0.33	0.30	-10.4%
Cereal preparations	0.69%	0.26	0.27	0.25	0.26	0.25	0.25	0.27	0.26	0.28	0.22	0.26	0.26	0.26	-0.8%
Iron Ore	0.52%	0.41	0.27	0.15	0.27	0.25	0.23	0.10	0.09	0.15	0.11	0.15	0.16	0.19	-53.6%
Grand Total Exports	92.36%	41.40	41.68	35.30	39.59	35.16	33.81	34.48	34.31	39.00	32.04	38.01	36.43	36.91	-10.8%

Figure 6: Trends in Indian Imports

Trends in Indian Imports - Top 20 Commodity (Value in USD Bn)															
Commodity	Share (%)	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	yoy% growth in Feb-25
Oil	23.34%	16.89	17.23	16.46	19.95	15.05	13.87	11.02	12.54	18.30	16.11	15.27	13.43	11.89	-29.6%
Electronic goods	14.86%	6.94	7.55	7.05	7.15	7.70	8.66	8.92	8.47	8.35	7.62	8.34	9.36	7.57	9.1%
Elec & non-elect Machinery	8.48%	4.10	4.16	3.79	4.15	4.09	4.47	4.97	4.53	4.63	4.49	4.70	4.73	4.32	5.3%
Transport equipment	5.12%	2.33	2.75	2.14	3.09	2.00	1.89	2.59	2.29	2.25	2.60	2.79	2.68	2.61	12.0%
Gold	4.59%	6.15	1.53	2.95	2.92	2.48	2.57	8.64	3.30	4.68	9.84	4.70	2.69	2.34	-62.0%
Coal, Coke, Briquettes	4.04%	3.19	3.23	3.10	3.30	2.94	2.99	2.79	2.30	2.35	2.38	1.95	2.69	2.06	-35.6%
Org & Inorg Chemicals	4.00%	2.02	2.13	2.21	2.55	2.48	2.51	2.62	2.43	2.39	2.30	2.32	2.54	2.04	0.8%
Non-ferrous metals	3.52%	1.63	1.86	1.78	2.07	2.31	2.23	2.37	2.12	2.33	2.12	1.75	1.94	1.79	10.1%
Artificial resins, plastic	3.08%	1.67	1.76	1.70	1.89	1.91	2.02	2.21	1.87	2.05	1.93	1.79	1.72	1.57	-6.2%
Iron & Steel	3.08%	2.05	1.63	1.57	1.70	1.80	1.93	2.26	2.00	2.15	1.78	1.87	2.20	1.57	-23.4%
Pearls, precious stones	2.51%	2.19	2.49	1.66	1.91	1.81	1.33	1.31	1.61	1.38	0.96	1.27	1.23	1.28	-41.6%
Chemical & Pdts	2.46%	0.82	0.87	0.91	0.95	0.96	0.98	1.03	0.93	1.05	0.99	1.13	1.35	1.25	53.6%
Vegetable Oil	2.36%	0.93	1.07	1.34	1.45	1.42	1.87	1.57	1.13	1.53	1.88	1.32	1.38	1.20	29.3%
Metalliferous ores	1.63%	0.82	0.76	0.58	0.97	0.87	0.84	1.08	0.84	1.06	0.86	1.14	1.25	0.83	1.6%
Medicinal & Pharma	1.38%	0.66	0.68	0.68	0.76	0.71	0.74	0.75	0.65	0.79	0.79	0.83	0.79	0.70	6.6%
Professional instrument	1.23%	0.66	0.75	0.63	0.64	0.67	0.74	0.69	0.66	0.74	0.74	0.77	0.68	0.63	-5.0%
Fertilisers	1.19%	0.45	0.52	0.60	0.94	0.75	0.68	0.54	0.78	1.32	1.35	1.21	0.84	0.60	34.2%
Wood & Pdts	1.02%	0.51	0.53	0.46	0.54	0.55	0.57	0.65	0.61	0.66	0.61	0.62	0.66	0.52	1.8%
Pulses	0.97%	0.40	0.57	0.41	0.37	0.37	0.29	0.32	0.43	0.60	0.49	0.51	0.76	0.49	24.4%
Machine tools	0.85%	0.45	0.41	0.40	0.45	0.45	0.47	0.49	0.47	0.47	0.45	0.54	0.54	0.43	-3.7%
Total Imports	89.71%	60.11	57.28	54.50	61.65	55.99	56.84	62.57	54.00	63.13	63.86	59.95	59.42	50.96	-15.2%

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