

India Trade Data- January 2025

India's Trade Deficit widened to \$22.99 Bn in Jan'25

Salient features

- Trade deficit widened to \$22.99 bn in Jan'25 compared to \$21.94 bn in Dec'24 attributable to rising imports.
- Imports contracted by 0.88% monthly in Jan'25 compared to a contraction of 4.17% in exports. On an annual basis, imports grew by 10.30% while exports contracted by 2.41% mainly due to contraction in oil exports by 58.66%.
- Non-oil exports grew by 14.47% in Jan'25 compared to 5.05% in Dec'24, mainly due to growth in electronic Goods, Drugs & Pharma, Germ & Jewellery and Engineering Goods. However organic & inorganic chemical exports continued to contract.
- On an annualized basis, imports grew by 10.30% in Jan'25 compared to 4.90% in Dec'24, led by gold imports growing by 40.79%.
- Non-oil imports expanded in Jan'25 by 19.92% compared to 5.84% in Dec'24. Non-oil non-gold imports grew by 18.83% in Jan'25 mainly attributable to expansion in organic and Inorganic chemicals and electronic goods. Increase in non-oil non gold imports is an indication of revival in growth momentum.
- Oil imports contracted by 13.49% compared to 2.21% growth in Dec'24. This is due to decline in crude price on account of an expected inventory surge in the US.

For the ten-month period April to January trade deficit widened to \$242.99 Bn compared to \$206.29 Bn in the same period a year earlier. In the near-term the risk of volatility to external trade balance stems from potential trade wars which could disrupt global supply chains dampening demand for Indian exports

Fig 1: Trade deficit widened in Jan'25

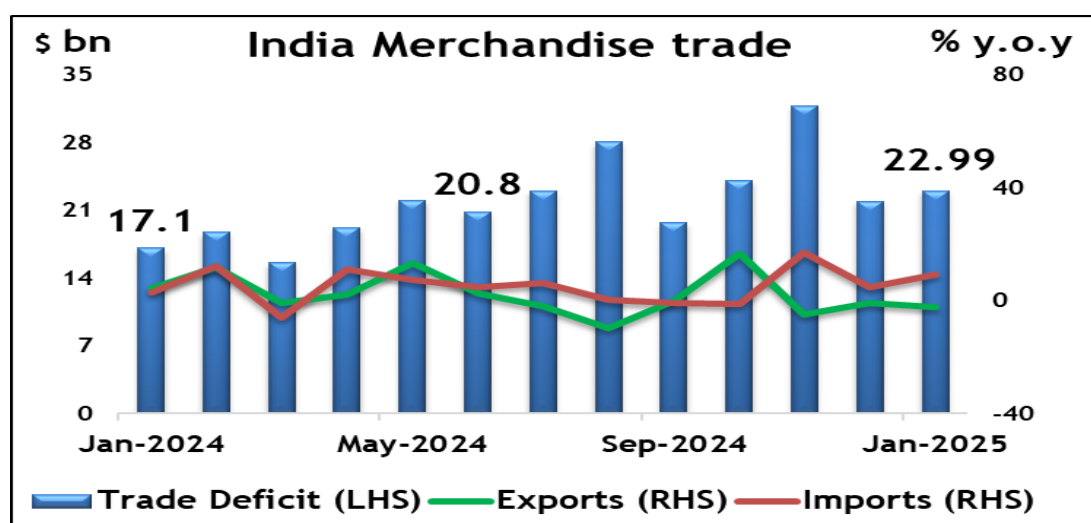


Fig 2: Services surplus rose in Jan'25

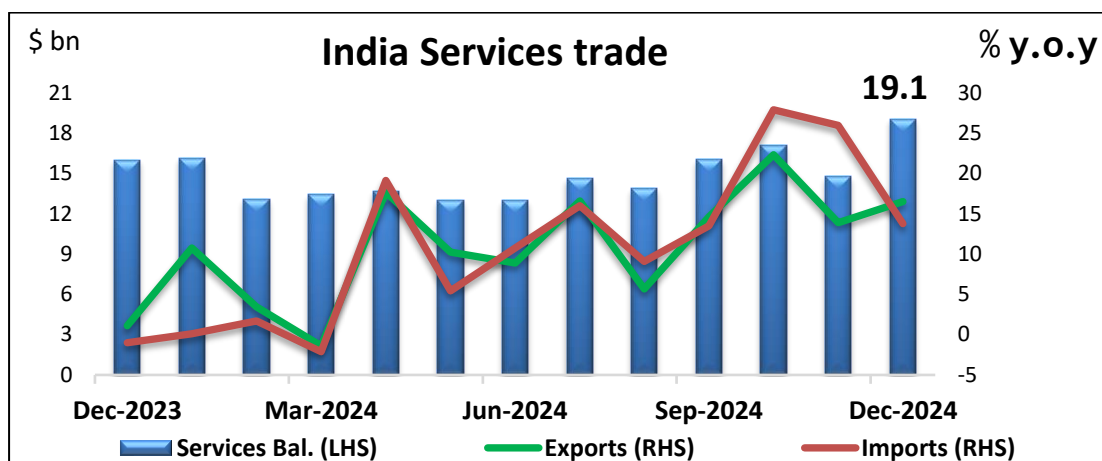


Fig 3: Export performance of major items

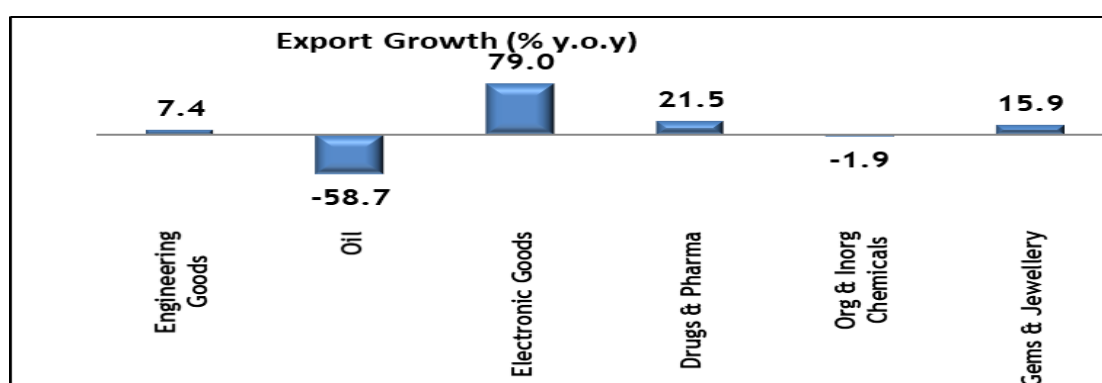
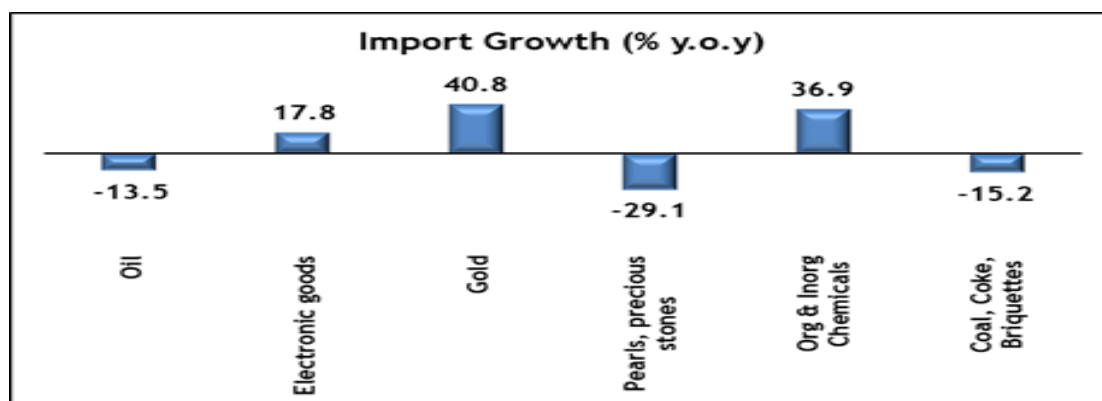


Fig 4: Import performance of major items



Takeaways

- The current geo-political environment is likely to result in further widening of the trade deficit especially in the light of tariff wars. If the US imposes higher tariffs on China, goods from China and other Asian countries could flood India leading to widening trade deficit unless India impose its own tariffs. There is a high probability of US imposing 25% tariff on pharma, electronics and automobile components which could adversely impact our exports.
- On a 40 currency trade weighted basis Real effective exchange rate of the rupee was 104.82 in December 2024 which implies an overvaluation (appreciation from fair value) of 4.82%. This leads to exports losing competitiveness. However, even if Rupee weakens exports might not increase if muted global growth suppress demand for our products.

- According to IMF World Economic Outlook January 2025, global growth for 2025 is estimated at 3.3% which faces downside risks from trade wars and protectionism. This could adversely impact our exports.
- Trade deficit for Q3 FY25 was \$78 billion. Considering the current global scenario, Q4 of FY25 is likely to witness trade deficit of \$65-70 billion taking overall trade deficit for FY25 in the range of \$310-312 billion.

Fig 5: Top 20 Commodities in Imports and Exports

Trends in Indian Exports - Top 20 Commodities (Value in USD Bn)			Trends in Indian Imports - Top 20 Commodity (Value in USD Bn)		
Commodity	Jan-25	y-o-y% growth in Jan-2025	Commodity	Jan-25	y-o-y% growth in Jan-2025
Engineering Goods	9.42	7.4%	Oil	13.43	-13.5%
Electronic Goods	4.11	79.0%	Electronic goods	9.36	17.8%
Oil	3.56	-58.7%	Elec & non-elect Machinery	4.73	27.8%
Gems & Jewellery	3.00	15.9%	Coal, Coke, Briquettes	2.69	-15.2%
Drugs & Pharma	2.59	21.5%	Gold	2.69	40.8%
Org & Inorg Chemicals	2.35	-1.9%	Transport equipment	2.68	1.6%
Ready Made Garments	1.61	11.5%	Org & Inorg Chemicals	2.54	36.9%
Rice	1.37	44.6%	Iron & Steel	2.20	6.9%
Cotton Yarn/Fab	1.04	16.4%	Non-ferrous metals	1.94	26.0%
Plastic & Linoleum	0.73	13.3%	Artificial resins, plastic	1.72	5.9%
Marine Products	0.54	8.0%	Vegetable Oil	1.38	11.4%
Meat, dairy & poultry	0.52	35.7%	Chemical & Pds	1.35	71.9%
Coal, Mica	0.47	27.7%	Metalliferous ores	1.25	65.5%
Man-made Yarn/Fabs	0.43	12.1%	Pearls, precious stones	1.23	-29.1%
Leather & pds	0.38	6.4%	Silver	0.88	82.8%
Spices	0.34	2.3%	Fertilisers	0.84	72.9%
Ceramic products	0.33	10.4%	Medicinal & Pharma	0.79	16.1%
Fruits & Vegetables	0.30	0.8%	Pulses	0.76	144.6%
Cereal preparations	0.26	11.1%	Professional instrument	0.68	9.7%
Tobacco	0.17	59.2%	Wood & Pds	0.66	37.5%
Grand Total Exports	36.43	-2.4%	Total Imports	59.42	9.2%

Fig 5: Top 20 Countries in Imports and Exports

Indian Exports - Top 20 countries (Value in USD Mn)			Indian Imports - Top 20 countries (Value in USD Mn)		
Country / Region	Jan'25	y-o-y% growth in Jan-2025	Country / Region	Jan'25	y-o-y% growth in Jan-2025
JAPAN	631.34	53.53%	THAILAND	1,712.96	136.63%
U S A	8,441.97	39.02%	GERMANY	1,429.24	72.15%
NEPAL	664.63	20.84%	SOUTH AFRICA	908.63	61.01%
BRAZIL	469.68	20.65%	U S A	3,575.14	33.46%
BANGLADESH PR	1,075.67	17.26%	SINGAPORE	2,017.28	32.77%
SOUTH AFRICA	634.91	15.74%	KOREA RP	1,960.19	28.61%
U K	1,167.37	14.84%	CHINA P RP	10,485.47	17.06%
GERMANY	924.01	13.55%	MALAYSIA	1,055.12	15.78%
MEXICO	429.20	11.45%	JAPAN	1,547.65	10.60%
AUSTRALIA	662.33	10.22%	HONG KONG	1,705.60	9.62%
FRANCE	645.66	-6.69%	VIETNAM SOC REP	930.50	7.71%
U ARAB EMTS	3,079.03	-8.41%	U ARAB EMTS	4,749.09	6.47%
SAUDI ARAB	978.95	-9.62%	AUSTRALIA	1,396.99	4.22%
MALAYSIA	494.87	-11.28%	IRAQ	2,400.16	-8.97%
BELGIUM	488.77	-23.44%	SAUDI ARAB	2,121.68	-9.56%
ITALY	605.17	-27.97%	QATAR	1,038.12	-14.82%
CHINA P RP	1,057.34	-31.37%	RUSSIA	4,822.98	-15.69%
HONG KONG	325.88	-40.28%	INDONESIA	1,707.24	-17.40%
NETHERLAND	1,021.92	-46.86%	TAIWAN	745.96	-19.77%
SINGAPORE	946.84	-53.54%	SWITZERLAND	422.93	-55.13%

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