

TRADE WATCH QUARTERLY FY25

Across the four quarters of FY25, the composition of India's merchandise trade remained largely stable. The trade basket continued to be dominated by a similar set of products, with only marginal shifts within the top ten, indicating limited but ongoing value addition in exports. Export destinations remained concentrated, with the United States, UAE, and the Netherlands consistently occupying the top three positions, while imports were primarily sourced from China, UAE, and Russia. Regionally, around 50 per cent of exports were directed to North America, the EU, GCC, and ASEAN, while imports were concentrated in Northeast Asia, the GCC, and ASEAN. Sharing my favourite graphs from each edition.

Q1: Apr-June FY25 [[Access full report here](#)]

This table clearly shows the misalignment of India's exports to the World. Category 1 which comprises of 4200+ (out of 6230) products and accounts for 68% of the world's basket, India holds <1% share. Category 4 which accounts for 3% of the world's demand and comprises of 434 products, India holds 18.5% share. Overall, this implies that where world demand is strong, India's exports are marginal.

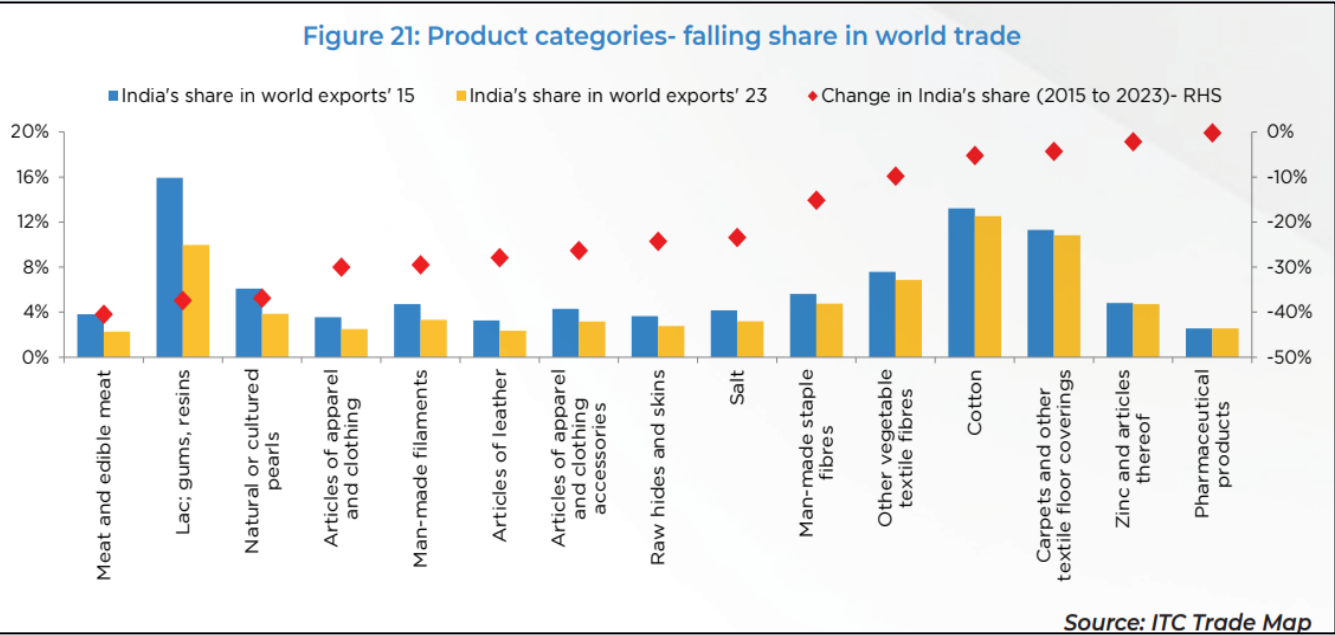
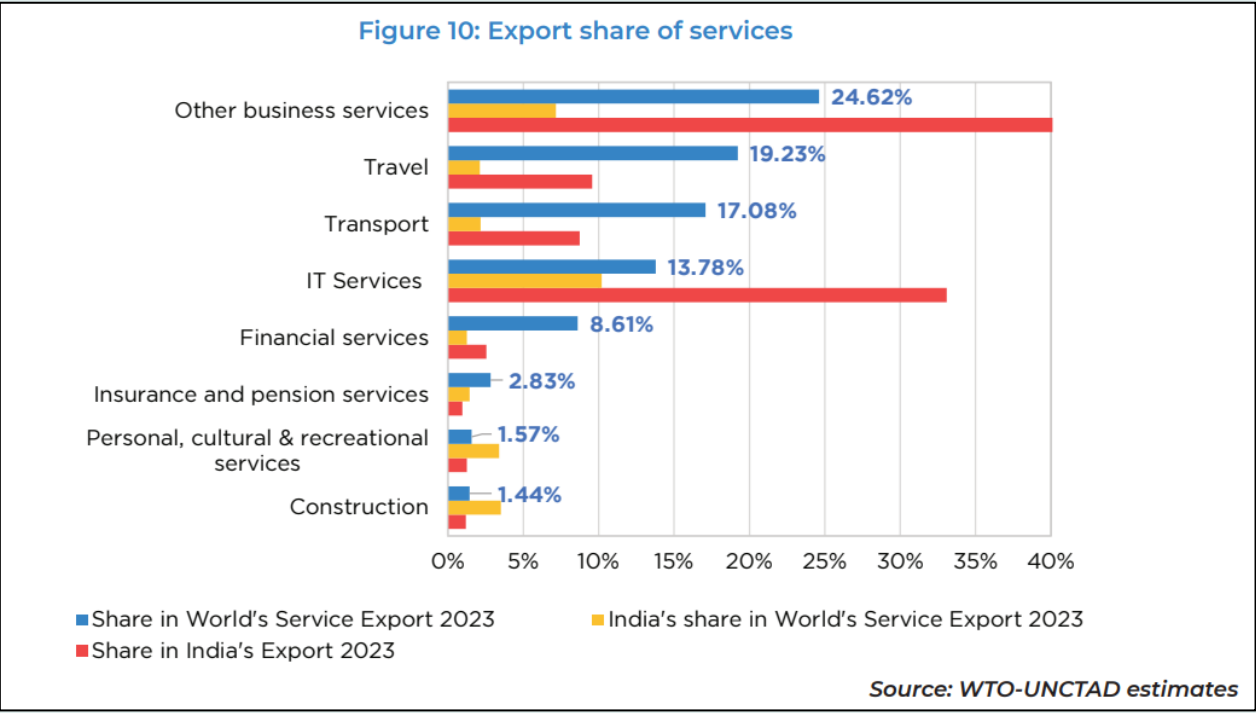
Table 2: India's Exports Presence in Global Demand

	Average Share % (2019-2023)	Particulars	2023 (US\$ billion)		Share % in 2023		2023
Category	India's export share in World's import	Number of 6HS items	India's Exports	World's Imports	India's Export Basket	World's Import Basket	India's Export Share % in World's Import
Category 1	Less than 1%	4,422	41.52	16,005.47	9.61	67.99	0.26
Category 2	Between 1% - 5%	1,389	135.91	5,299.28	31.46	22.51	2.56
Category 3	Between 5% - 10%	384	127.87	1,553.33	29.6	6.6	8.23
Category 4	More than 10%	434	126.68	683.76	29.33	2.90	18.53
	Total of the above	6,629	431.98	23,541.84	100	100	1.71

Source: ITC Trade Map & NITI's own calculation

India has traditionally done well in IT and Other business services. Together these account for over 70% of India’s total services export and a global share of over 18%.

High contact services such as travel and transport account for over 40% of the world’s import basket. The contribution of these services in India’s export basket has been increasing but not as fast as IT and Other business services.



The graph specifically includes the top fifteen products in terms of their share in India’s total exports which have experienced a declining in their share in roughly a decade. Some products such as cotton, pearls, articles of clothing were products where India had a comparative advantage.

Q2: Jul-Sep FY25 [[Access full report here](#)]

This quarterly publication had a special focus on textiles where HS codes in chapter 50-63 were analyzed. The market size in terms of global import stands at USD 881 bn to which India exports around USD 34 bn. This translates to a share of around 4% for 2024. The products of this market can be categorized into two; those made of natural fiber i.e., using cotton or wool (HS 50-53) and others made using manmade fibers (HS 54, 55, 63).

It is a labour-intensive sector and India’s strengths measured in terms of the product export share lies in natural fibers such as cotton, silk, carpet threads. However, the world demand is highly concentrated, at least in terms of value in HS 61, 62 and 62 which is what one commonly sees in markets i.e. articles of apparel and clothing. Again, here while India has high export volume comparatively but it’s share are low.

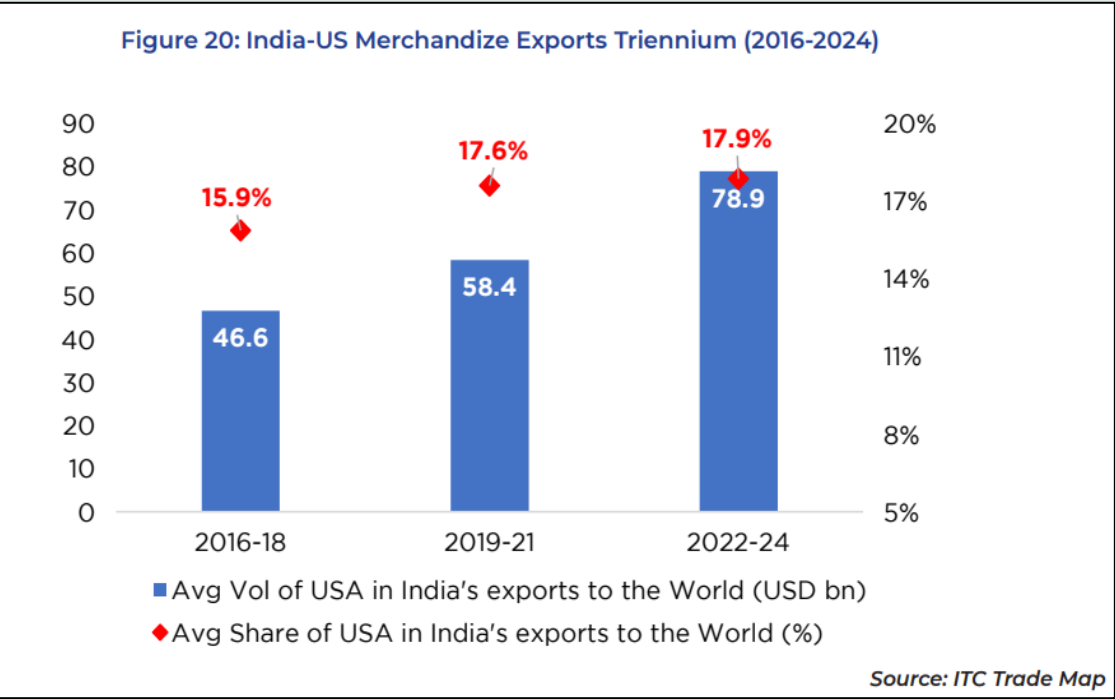
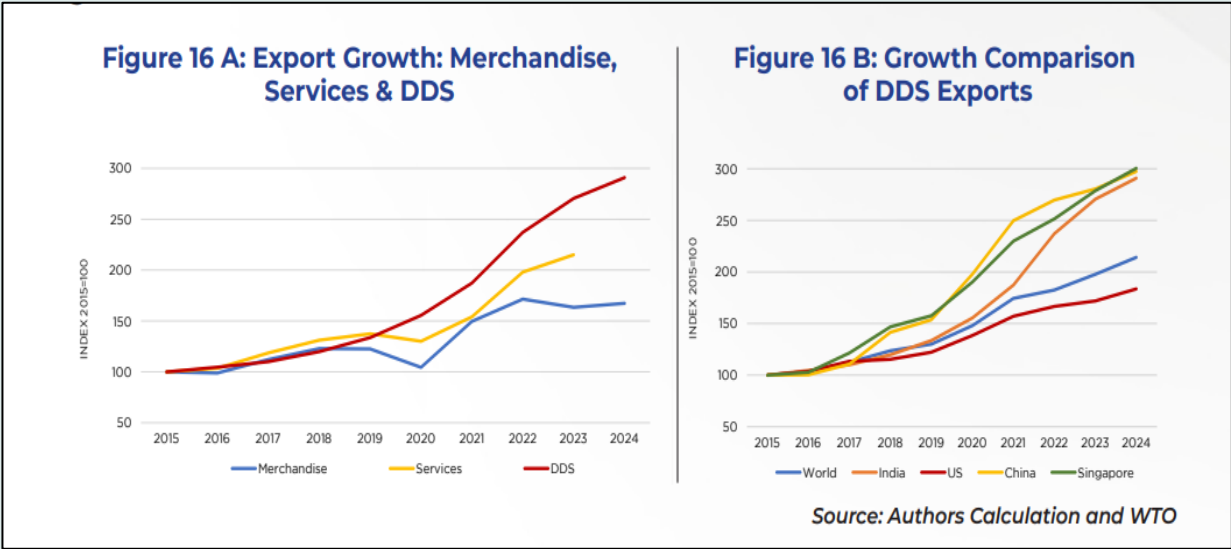
China remains to be a top competitor across almost all product lines claiming a share of 20-57% across the chapters. A quick comparison with China, Vietnam and Bangladesh reveals high disparity in term of commercial electricity costs, labour productivity, taxation and logistics affecting India’s share.

Table 2: India's Exports Presence in Global Demand for 2023							
HS 2	Products	World Demand (USD bn)	Product Share in World Textile Export	India's textile exports to World (USD bn)	Indias export share in World textile exports	India's RCA	Major Global Player
50	Silk	1.832	0.2%	0.117	6.4%	3.6	China (Share - 44%, RCA - 3.05)
51	Wool & other animal hair based textiles	11.312	1.3%	0.173	1.5%	0.8	Italy (Share - 19%, RCA - 6.7)
52	Cotton	52.853	6.0%	6.493	12.3%	6.8	China (Share - 20%, RCA - 1.4)
53	Other Vegetable fibre textile	6.427	0.7%	0.434	6.8%	3.7	China (Share - 28%, RCA - 1.7)
54	Manmade filament based textiles	54.742	6.2%	1.795	3.3%	1.8	China (Share - 52.5%, RCA - 3.6)
55	Man-made staple fibres	35.672	4.0%	1.678	4.7%	2.6	China (Share - 37%, RCA - 2.5)
56	Wadding, nonwoven, yarn etc	30.401	3.4%	0.549	1.8%	1.0	China (Share - 25%, RCA - 1.7)
57	Carpets and other floor coverings	17.220	2.0%	1.811	10.5%	5.9	China (Share - 23%, RCA - 1.6)
58	Special woven /tufted fabric, tapestry etc	12.215	1.4%	0.367	3.0%	1.6	China (Share - 47%, RCA - 3.3)
59	Impregnated, coated, textile fabrics	27.661	3.1%	0.464	1.7%	0.9	China (Share - 34%, RCA - 2.3)
60	Knitted or crocheted fabrics	37.770	4.3%	0.459	1.2%	0.7	China (Share - 57%, RCA - 3.9)
61	Articles of apparel and clothing accessories	268.904	30.5%	6.664	2.5%	1.3	China (Share - 31%, RCA - 2.15)
62	Articles of apparel and clothing accessories, not knitted	247.415	28.1%	7.840	3.2%	1.7	China (Share - 29%, RCA - 1.9)
63	Other made-up textile articles etc	77.152	8.8%	5.390	7.0%	3.8	China (Share - 43%, RCA - 3.0)
Total		881.6		34.2	3.9%		

Source: ITC Trade Map

Q3: Oct-Dec FY25 [[Access full report here](#)]

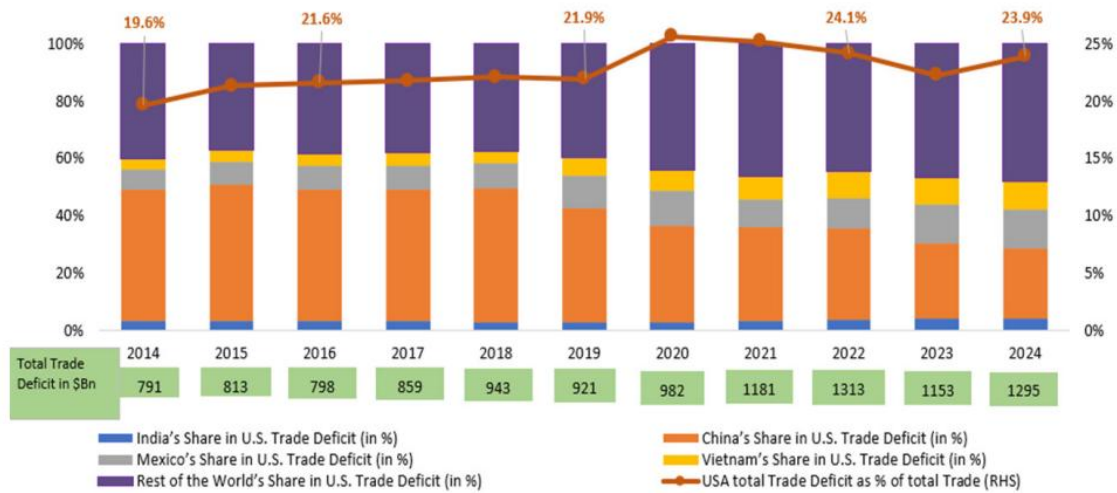
Digitally delivered services, a subcomponent of services exports which includes IT services, BPO, financial, telecom, and professional services delivered remotely. While developed countries continue to dominate trade in DDS, the share of developing countries has increased from 19% in 2010 to 24% in 2022, with China in the lead. In the last decade, India’s DDS exports nearly tripled, far outpacing merchandise and overall services exports.



Q3 also analysed the impact of the Reciprocal Tariffs on India’s trade. This figure particularly shows the increased dependence of India’s exports to the US. Accounting for almost one-fifth of India’s export basket, primary exports to the US comprise of pharma, smartphones, basic work diamonds, shrimps etc.

The US imports USD 3.3 tn from the world, to which India roughly exports USD 80 bn, that accounts for over 2.5% of US total demand.

Figure 24: Composition and Trend of US Trade Deficit USD Billion (2014-2024)



Note: Rest of the world excludes trade deficit of India, China, Mexico, Vietnam and Canada

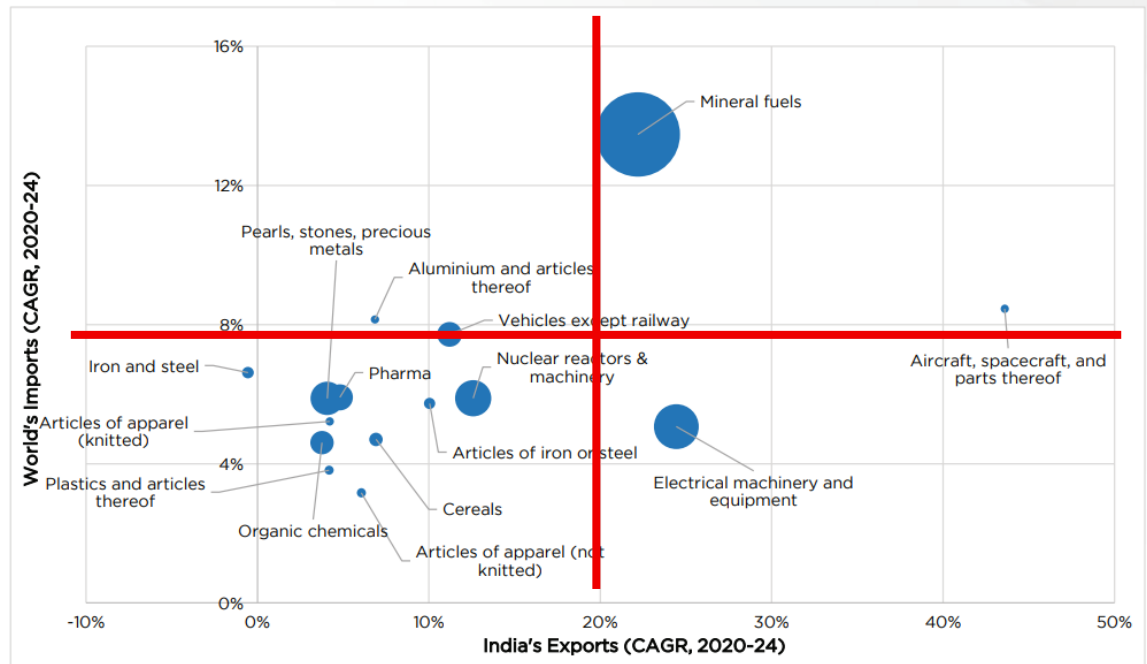
Source: ITC Trade Map

Trump 2024 believed that countries with a deficit need to be penalized. This graph attempts to analyse the growing deficit of select economies over a decade. While there is an overall decline in China's share, Vietnam's is on the rise along with Mexico, whereas India's remains fairly stagnant. While Mexico is considered to be the offshore manufacturing hub for the US, it is found that countries like Vietnam have been widely used to reexport shipments to the US.

Q4 Jan-Mar FY25 [[Access full report here](#)]

The graph attempts to map the growth rate of World's import *vis-à-vis* India's export growth. It attempts to identify whether India has been able to export those products which are growing in demand. I have added the red lines here to divide the graph in four quadrants. The four quadrants classify products by combinations of global demand growth and India's export performance, ranging from high-demand/low-export to low-demand/high-export segments.

Figure 14: India's Export Potential



Note: Size of the circle represents volume of India's exports to the World

Source: ITC Trade Map

Like textiles, leather and footwear is another labour-intensive industry. It is however smaller than textiles and stands at USD 282 bn to which India exports USD 5 bn translating to a share of 2%. This share has been on a decline largely because the world demand has moved towards non-leather segments whereas India still specializes in raw hides and skins.

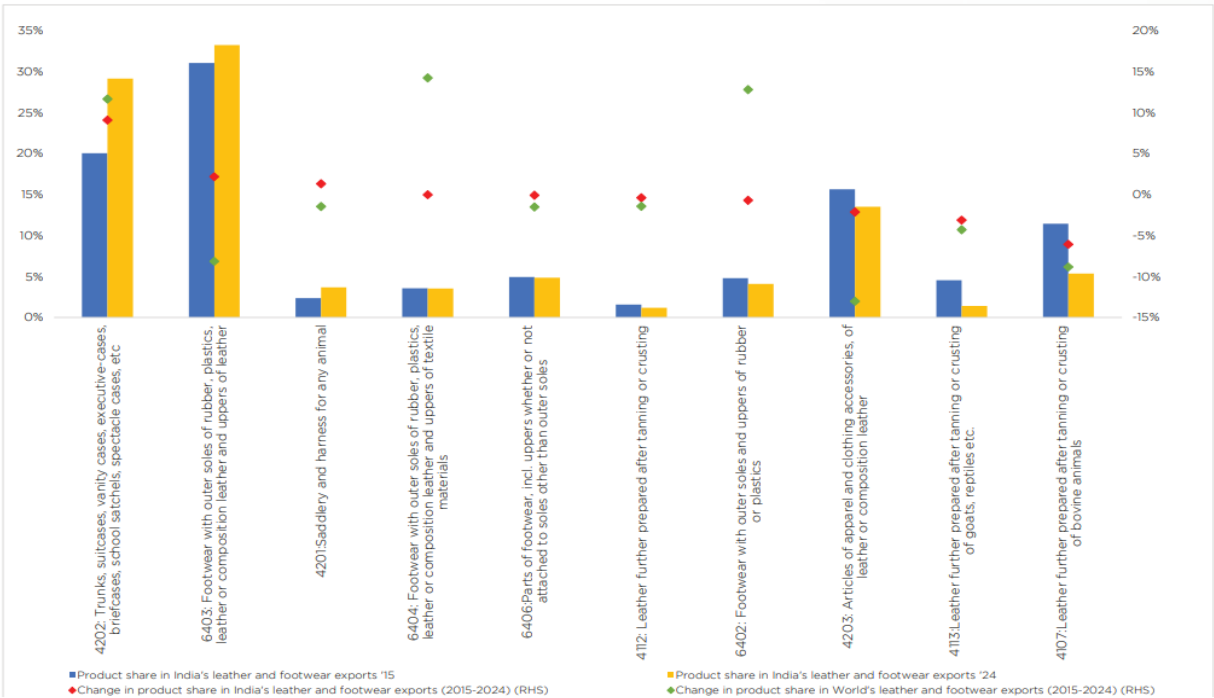
Here we do not see a wide mismatch in India’s exports at HS2.

Table 6: Leather and Footwear Exports: Trend Comparison (India vs World, 2004–2024)

HS Chapter	2004			2014			2024			2004-24	
	Share in India's total leather and footwear exports	Share in World's total leather and footwear exports	World Demand Catered by India	Share in India's total leather and footwear exports	Share in World's total leather and footwear exports	World Demand Catered by India	Share in India's total leather and footwear exports	Share in World's total leather and footwear exports	World Demand Catered by India	CAGR (India)	CAGR (World)
Total	\$2.4	\$118.8	2%	\$6.9	\$253.8	3%	\$5.5	\$297.7	2%	4.2%	4.7%
41: Raw hides and skins (other than furskins) and leather	25% (\$0.60)	22% (\$26.6)	2.3%	20% (\$1.36)	14% (\$36.43)	3.7%	8% (\$0.44)	5% (\$15.93)	2.8%	-1.5	-2.5%
42: Articles of leather	42% (\$1.0)	27% (\$32.05)	3.4%	37% (\$2.55)	30% (\$76.04)	3.4%	46% (\$2.55)	34% (\$102.01)	2.5%	4.8%	6%
64: Footwear, gaiters and the like; parts of such articles	33% (\$0.84)	51% (\$60.12)	1.4%	43% (\$2.99)	56% (\$141.39)	2.1%	45% (\$2.50)	60% (\$179.78)	1.4%	5.6%	5.6%

Note: Volume of exports is mentioned in brackets and is denoted in \$ billion
Source: Authors Calculations & ITC Trade Map

Figure 18: Change in India's share in the World trade (2015-2024)



Source: ITC Trade Map

This graph examines the change in share for the top products across HS 41, 42 and 60 which are part of the leather and footwear exports. Here, products where world demand is concentrated is HS 6404, 4202 and 6402 ie leather footwear, trunks or cases and rubber or plastic footwear. India’s share in these products except HS 4202 has declined or remained stagnant in the past decade. In leather skins, the world is phasing out faster than India and it needs to cope up with this change.