

# Q1 2025: US ECONOMY SHRINKS, BUT INDIAN EXPORTS THRIVE



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The United States' economy contracted by 0.3 per cent in the first quarter of calendar year 2025 (Q1 CY25): the first time it happened so since early 2022. As US imports surged in Q1 CY25, India may have gained a bit.

India exported goods worth \$26.58 billion to the US in Q4 FY25 (Q1 CY25 of the US), the highest export figure in any quarter of the year. Electronic and engineering goods made the bulk of exports, valued at \$6.62 billion and \$5.18 billion respectively.

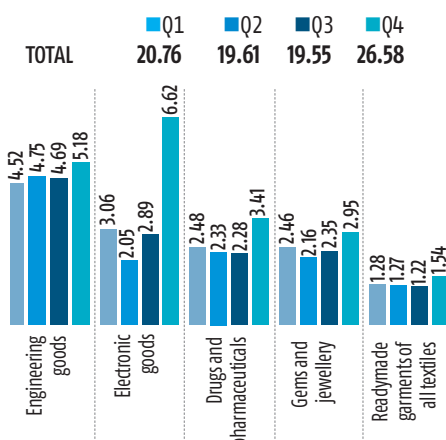
Apple CEO Tim Cook said last week that most iPhones sold in the US in Q2 CY25 will have India as their "country of origin". (Chart 1)

As much as 37 per cent of the manufactured goods purchased in the US in 2023 were imported final goods. The apparel and leather sector comprised 88 per cent of imports – the highest. As much as 69 per cent of computer and electronic products were imported final goods. (chart 2)

Private consumption and investment expenditure grew in Q1 CY25 in the US, but huge spikes in imports of goods and services led to the GDP dipping. Imports increased at a seasonally adjusted annual rate of 41.3 per cent. Further, goods' imports grew at a rate of roughly 51 per cent. (Chart 3)

## 1 INDIA'S ELECTRONICS AND ENGINEERING GOODS EXPORTS SOARED

Exports to the US in FY25 (in \$ bn)



Note: Only top 5 export categories have been considered  
Source: NIRYAT portal

## 2 US RELIANCE ON IMPORTS

Share of imported final goods in gross domestic purchases of different industries in 2023 in US

| Industry   | Share of imported final goods (in %) |
|--|--------------------------------------|
| Apparel and leather and allied products          | 88                                   |
| Computer and electronic products                 | 69                                   |
| Electrical equipment, appliances, and components | 59                                   |
| Textile mills and textile product mills          | 51                                   |
| Motor vehicles, bodies and trailers, and parts   | 40                                   |
| Machinery  | 40                                   |
| Total manufacturing                              | 37                                   |

Note: Only manufacturing sector has been considered. Gross domestic purchases include all final purchases by the US consumers, businesses and governments, regardless of where the goods have been produced.  
Source: US Bureau of Economic Analysis

## 3 US' NET IMPORTS LARGEST CONTRIBUTOR TO ITS GDP DECLINE IN Q1CY25

Percentage point share of different parameters in the US GDP growth

| Parameters   | Q1CY11 | Q3CY11 | Q1CY14 | Q1CY20 | Q2CY20 | Q1CY22 | Q1CY25* |
|--|--------|--------|--------|--------|--------|--------|---------|
| Personal consumption expenditures                        | 1.07   | 0.84   | 0.93   | -4.48  | -21.87 | 0.64   | 1.21    |
| Gross private domestic investment                        | -1.12  | 0.24   | -0.63  | -1.85  | -8.87  | 1.34   | 3.6     |
| Net exports of goods and services                        | 0.11   | -0.01  | -1.36  | 0.1    | 0.83   | -2.4   | -4.83   |
| Government consumption expenditures and gross investment | -1     | -1.15  | -0.32  | 0.78   | 1.83   | -0.6   | -0.25   |
| Gross domestic product (% change)                        | -0.94  | -0.08  | -1.38  | -5.45  | -28.08 | -1.02  | -0.27   |

Note: \*Advance estimate. Only those quarters have been considered where the real GDP declined. Percentage change in GDP is a sum total of percentage points of personal and government consumption, gross private domestic and government investment, and net exports of goods and services. Figures are seasonally adjusted at annual rates.

Source: US Bureau of Economic Analysis