

Tale of contrasts: India's FY25 trade surplus with US jumps, deficit with China widens

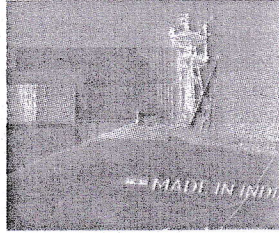
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As if reinforcing US President Donald Trump's grouse about the country's high trade deficit, India's trade surplus with the US jumped to \$41.18 billion in FY25 from \$35.33 billion in the previous fiscal.

On the other hand, India's trade deficit with China widened to \$99.2 billion in FY25 from \$85.07 billion in FY24, fuelling worries over Beijing's dominance of the country's supply chains.

TRADE SURGE

India's exports to the US in FY25 increased 11.59 per cent to \$86.51 billion, according to quick estimates shared by the Commerce Department on Wednesday. The increase was led by sec-



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tors such as pharmaceuticals, electrical machinery and equipment, chemicals, plastics, apparel and textiles, and articles of iron and steel.

India's imports of American goods also increased in FY25, but at a lower 7.44 per cent to \$45.33 billion. Increased imports were largely in sectors including fuels and mineral oils, gems and jewellery (including precious metals), machinery and

mechanical appliances, and electrical appliances.

"Although Trump has named India several times as a high-tariff-charging nation and complained about the US' trade deficit, India's trade surplus against the US is lower compared to countries like China, Mexico and Vietnam. India is also below countries such as Germany, Canada and Japan," an official tracking the matter pointed out.

INPUTS FROM CHINA

Despite quality control orders and trade remedial measures, such as anti-dumping and subsidy actions, to keep a check on the influx of Chinese goods, India's imports from the country increased 11.52 per cent in FY25 to \$113.45 billion.

The rise in imports is driven by increasing demand

for electronics, EV batteries, solar cells, and key industrial inputs — sectors where China dominates India's supply chains, pointed out Ajay Srivastava of the Global Trade Research Initiative (GTRI).

CHINA EDGE

"China is India's top supplier in all eight major industrial product categories. The PLI schemes are fuelling imports due to their heavy reliance on imported components," according to a GTRI analysis.

In contrast, India's exports to China in FY25 fell 14.49 per cent to \$14.25 billion.

"This signals more than a trade issue; it's a competitiveness crisis... India needs to fix its internal manufacturing gaps and invest in deep industrial capabilities," the report noted.

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