

India's Export Trends with the USA and China: A Growth Analysis from 2014 to Present

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Abstract: *The export scenario of India has changed drastically from 2014 to date, mainly in light of the trade relations with the USA. There has been a significant increase in merchandise exports from USD 314 billion in 2013-14 to USD 437.10 billion in 2023-24. However, the USA has consistently been India's number one export destination. Engineering goods, pharmaceuticals, IT services, textiles, and petroleum products have contributed together to the driving force of this significant export growth. The bilateral relations led to an increase in India's exports to the USA, whereas the trade with China has been unstable due to the influence of the geopolitical status and trade imbalances between the two nations. The paper discusses the exports per capita in India through trends, revised policies, and the external factors concerning its performance on trade. It also focuses on how global trade policies, protectionist policies, and changing supply chains have influenced India's exports. This study offers an investigation into India through past and present trade trends to understand the country's position in the global marketplace, in addition to the future trend in export growth.*

Keywords: India's exports, USA-India trade, China-India trade, export growth, trade policy

1. Introduction

Foreign trade is an integral part of a country. To be a part of a global world, a country needs to trade with other countries (Sharma & Dahiya, 2022). During the past few years, India has emerged as one of the fastest-growing economies in the world, with exports taking the foremost role in its economic growth. Due to high trade volumes with the USA and China, these two nations are India's most important trading partners whose trade relationship has significance for export performance. However, over a period, exports of India from these countries have fluctuated with the changing global trade scenario, pulse in policies, and geophysical tensions. The study would analyse export trends of the country with the US and China from 2014 till date. It will discuss sectors of export, growth patterns, and challenges. The year 2014 is important since it has seen many policy changes like Make in India, newly defined foreign trade policies, and paradigm shifts in global trade agreements. Besides, externals like the China-US trade war and COVID-19 have influenced the Indian export fabric. This research will speak of trade opportunities, barriers, and prospects by understanding how India's exports to these two economic giants have changed gradually. It also mentions the bearing of trade policies, changes in tariff mechanisms, and global economic conditions concerning India's export performance. The findings of this research would surely help policymakers, industries, and trade analysts to comprehend and identify ways to strengthen India's export strategy and boost its competitiveness in global trade.

2. Research Methodology

This study relies on secondary data from authoritative sources, including:

- **Government Reports:** Ministry of Commerce & Industry, Reserve Bank of India (RBI), and Export-Import Bank of India (EXIM).
- **International Trade Organizations:** World Trade Organization (WTO) and United Nations Conference on Trade and Development (UNCTAD).

- **Industry Reports:** NASSCOM, Press Information Bureau (PIB), and Ministry of Textiles.
- **Academic Literature:** Peer-reviewed journals, working papers, and books on India's trade policies, bilateral relations, and geopolitical influences.
- **News and Market Reports:** Financial newspapers such as The Economic Times, Business Standard, and global trade reports.

Overview of India's Exports

The export sector in India is a key sector of the economy and contributes significantly to GDP and employment. Over the last several years, India has diversified its export items from traditional goods such as textiles and agriculture to high-value sectors such as pharmaceuticals, engineering goods, and IT services.

Key Industries Contributing to Exports

India's exports are driven by several key industries:

- **Engineering Goods:** The engineering sector includes machinery, automobiles, and iron and steel products, which are significant parts of export. Engineering goods have increased to USD 109.32 billion in FY 2023-24 from USD 62.26 billion in FY 2013-14.
- **Petroleum Products:** India is a major crude oil refiner and exporter of petroleum derivatives to the international markets. The exports increased from USD 60.99 billion in 2013-14 to USD 89.70 billion in 2023-24, majorly attributed to refined petroleum and petrochemical products.
- **Pharmaceuticals:** It is known that India's pharmaceutical industry has been one of the most important exports in the manufacture of generic medicines. It exports almost to the USA. From USD 15.07 billion in 2013-14, India's pharma exports have reached USD 27.85 billion in FY 2023-24.
- **Textiles and Apparel:** Under this category, export items include cotton, silk, and synthetic textiles. Exports advanced from 39.31 billion United States dollars (USD) in 2013-14 to 44.07 billion USD in 2023-24, and these include cotton, synthetic fibers, garments, and home textiles.

- **Agricultural Products:** Agricultural exports from India increased from USD 22.70 billion in 2013-14 to USD 48.15 billion in 2023-24. Major exports include rice, spices, tea, and seafood.
- **IT and Software Services:** India is a global leader in software exports, with the USA being the largest market. Exports grew from USD 98 billion in 2013-14 to USD 194 billion in 2023-24, led by software development, ITeS, and BPO services.
- **Merchandise:** Exports have grown from USD 314 billion in 2013-14 to USD 437.10 billion in 2023-24, driven by a stronger manufacturing base and increased global demand.

Major Export Destinations

- **USA:** Biggest export destination for India, making up about 17-18% of total exports in 2024
- **UAE:** Supplier of petroleum, gems, and jewellery.
- **China:** Major trading partner for India in raw materials, chemicals, and agricultural commodities.
- **EU:** Major destinations for Indian products are Germany, Netherlands, and Belgium.

India's Trade Policy Framework

The government of India has set in place a series of policy measures intended to increase exports, among them the following:

- The Foreign Trade Policy (FTP) announced for 2021-2026 aims to increase India's share in world exports and help small exporters.
- Production-linked incentive (PLI) schemes are intended to encourage domestic production, reduce imports and promote exports.
- The Make in India initiative is aimed at enhancing manufacturing capabilities and export competitiveness.
- Bilateral and free trade agreements: India has signed bilateral trade agreements with different countries to minimize tariff barriers.

Recent Trends in India's Exports (2014-Present)

India's total exports have shown steady growth, with some fluctuations due to global factors. However, supply chain disruptions, international trade tensions, and inflationary pressures have recently impacted export growth.

Table 1: Export trends of India from 2014 to 2024

Year	Total Exports (USD Billion)	Top Export Destination
2014	316.61	USA
2015	262.29	USA
2016	275.85	USA
2017	303.53	USA
2018	330.07	USA
2019	313.36	USA
2020	290.64	USA
2021	395.39	USA
2022	453.51	USA
2023	451.07	USA
2024	776.68	USA

The broadened table details India's exports from 2014 onward by showing a trend each year and the key export destinations. The USA has always been at the forefront as the export destination of India from the table every year.

India's Exports to the USA

Trade between India and the US has grown significantly over the years, with the US remaining one of India's largest trading partners (Greene, 2006). Over the last ten years, the trade relations between both the countries have progressed significantly, presenting both opportunities and challenges.

Table 2: 10 years India's Exports to the USA

Fiscal Year	Exports to USA (USD Billion)
2014 -2015	42.45
2015-2016	40.33
2016-2017	42.21
2017-2018	47.88
2018-2019	52.41
2019-2020	53.03
2020-2021	51.63
2021-2022	76.18
2022-2023	78.58
2023-2024	79.8

Major Goods and Services Exported

India's export portfolio to the USA is diverse, encompassing a range of goods and services:

- **Precious metals and jewellery:** Export commodity-wise, diamonds and gold jewellery constitute an important part of exports besides precious stones.
- **Pharmaceuticals:** Besides being the biggest exporter of generic drugs, India also exports over-the-counter medicines to the USA.
- **Engineering Goods:** Machinery, vehicles, and parts fall under this category.
- **Textiles and Apparel:** Cotton garments, ready-made apparel, and household textiles are major items of the export basket.
- **Information Technology (IT) and Software Services:** India contributes a huge chunk of IT services, including software development and business process outsourcing.

It is worth mentioning that the USA tops the list of those countries receiving Indian exports. In 2023, approximately 35 per cent of Indian exports were concentrated in commodities such as precious stones and metals, fuels, and electrical machinery.

Growth Trends Since 2014

Bilateral trade has been one of the major drivers of economic development and an important contributor to economic integration (Panda, Sethi, & Kumaran, 2016).

The trade between India and the USA has seen a consistent upward trajectory:

- **2014-15:** Bilateral trade in goods and services was about \$104 billion.
- **2023:** Trade surpassed \$200 billion, reflecting the robust growth this partnership has witnessed despite global economic challenges.
- **2024:** U.S. goods imports from India reached \$87.4 billion, marking a rise of 4.5% from

The increase can be attributed to the growing demand for Indian goods and services and also to efforts taken to strengthen bilateral trade relations.

Key Trade Agreements and Partnerships

This relationship has been quite a lot of initiatives meant to strengthen trade between these countries:

- **Trade Policy Forum (TPF):** A revived body to eliminate trade barriers and enhance cooperation.
- **Bilateral Investment Treaties (BITs):** Designed to provide protection to the investments and promote much better economic linkages.
- **Continuing negotiations about Free Trade Agreements (FTAs):** Discussions are ongoing to explore the feasibility of a comprehensive trade agreement between both parties.

In the month of February of the year 2025, both countries have initiated talks on tariff disputes and strengthening cooperation on trade.

3. Challenges Faced

Despite positive trends, several challenges persist

- **Tariff and Non-Tariff Barriers:** Due to Trump's protectionism, trade wars emerged with major countries such as China and expanded to cover India too (Pushkar, n.d.) high tariffs and regulatory standards can impede market access.
- **Trade Deficit:** The U.S. operates a goods trade deficit with India, resulting in calls for an even trade.
- **Policy Uncertainties:** Changes in the environment relating to trade policy and protectionist measures could adversely impact the predictability of the business environment.
- **IPR Issues:** Worries regarding IPR enforcement hinder industries such as pharmaceuticals and technology.

Addressing these challenges requires continuous dialogue and negotiation to foster a mutually beneficial trade relationship.

India's Exports to China

India and China are two of the rapidly growing economies in the world. China's growth story began in the late 1970s, while India started in the early 1990s. They followed a similar approach in opening their economies—both focusing on exports to developed markets and sourcing imports from developing markets (Pillania, 2010).

Table 3: Last 10 years India's Exports to China

Fiscal Year	Exports to China (USD Billion)
2014-2015	11.94
2015-2016	9.01
2016-2017	10.17
2017-2018	13.33
2018-2019	16.75
2019-2020	16.61
2020-2021	21.18
2021-2022	21.25
2022-2023	15.32
2023-2024	13.97

Increased trade between China and India has made China one of India's leading trading partners and markets in recent times. This section analyses the key elements of India's export relationship with China, including major export categories, growth trends, trade agreements, and important challenges.

Major Commodities Exported

The export basket from India to China is an arrangement of assorted items:

- Mineral Fuels and Oils, this would include petroleum and products thereof;
- Ores, Slag, and Ash: Especially iron ore;
- Organic Chemicals: Like cyclic hydrocarbons;
- Cotton: In raw and processed forms;
- Products Including Food: Fish products and spices.

These commodities form the backbone of India's exports to China, catering to the latter's industrial and consumer demands.

Growth Trends Since 2014

The trade dynamics between India and China have evolved notably:

- 2014-15: The total bilateral trade was about \$70.25 billion.
- 2022: Trade flowed in at \$136.26 billion, which is an 8.47% increase from the previous year.
- 2023: Exports from India to China were worth \$16.25 billion.

India's exports to China have ebbed and flowed despite the growing trade while the fluctuations for exports were determined by global market conditions and domestic policies.

Trade Agreements and Partnerships

While India and China have not established a comprehensive free trade agreement, several initiatives and dialogues aim to enhance trade relations:

- **Strategic Economic Dialogue (SED):** It is a platform to discuss different macroeconomic policies and to identify many areas of cooperation.
- **Joint Economic Group (JEG):** It aims at redressing trade imbalance and making market access easy. These forums help both countries to understand the obstacles in trade and the possible mutual benefits.

Challenges in Bilateral Trade

India's import from China has reduced in almost all the commodities. In spite of the drop in exports, the trade deficit still remains unfavourable in terms of India (Anil, 2020)

The trade relationship between India and China faces several challenges:

- **Trade Deficit:** The trade deficit of India with China stood at \$101.28 billion in 2022, largely influenced by imports from China.
- **Non-Tariff Barriers:** Indian exporters face stringent regulatory standards and customs procedures in China.
- **Dumping of Goods:** There is apprehension regarding the increasing influx of Chinese goods that are being sold at subsidised rates and are allegedly of inferior quality and their possible ill effects on domestic industries.
- **Geopolitical Tensions:** Border disputes and political disagreements do differently cause some periodic connotations on trade sentiments and policies.

Addressing these challenges necessitates continuous diplomatic engagement and the implementation of balanced trade policies.

Comparative Analysis of Exports to the USA and China

Trade relations of India with the USA and China have undergone a major transformation in the last decade. This section offers a comparative examination of Indian exports to these two major partners, therefore concentrating on significant trends, trade balances, and implications for the Indian economy.

Export Values and Growth Trends

Exports to the USA:

- 2014-15: Goods and services bilateral trade was around \$104 billion.
- 2023: Trade exceeded \$200 billion, marking an impressive growth.
- 2024: U.S. goods imports from India amounted to \$87.4 billion, a 4.5% increase in comparison to 2023.

Exports to China:

- 2014-15: The total bilateral trade was about \$70.25 billion.
- In 2022, trade climbed to \$136.26 billion, with an 8.47% gain over the previous year.
- In 2023, exports to China from India stood at \$16.25 billion.

Both partnerships have grown, but exports to the US have put on a more consistent upward trajectory than to China.

Trade Balances

With the USA:

2024: India's goods trade surplus with the U.S. reached \$45.7 billion, a 5.4% increase over 2023.

With China:

2022: The trade deficit of India with China was greater than \$100 billion as bilateral trade closure was over \$136 billion.

The significant trade deficit with China contrasts with the more balanced trade relationship

The export profiles indicate that India's trade with the USA is diversified across various sectors, while exports to China are more concentrated in raw materials and intermediate goods.

Implications for India's Economy

- **Economic Diversification:** India's diverse export portfolio to the USA aids different sectors of the economy and enhances resilience against sector-specific slowdown.
- **Trade Deficits:** The substantial deficit with China reveals India's trade competitiveness need, whereby an attempt would be made to identify new markets for reducing dependency.
- **Policy Considerations:** There exist strategic policies to be considered while balancing trade relations in India, to negotiate more generous trade agreements, tackle non-tariff barriers and support domestic industries to reduce deficits.

Policy Recommendations for Strengthening India's Exports

Despite incremental sourcing relations with the USA and China in international trade, India faces a few discrepancies,

with the ones being trade deficits, tariff barriers, and specific sector dependency. To make India's exports competitive and balanced, the following policy recommendations would be proposed.

Diversification of Export Markets:

Maximizing Trade to Minimize Reliance on China and the USA: It is the emerging markets such as the European Union, the ASEAN countries, and Africa that may benefit from sustaining trade so that overly reliance on a few countries is tempered.

Export Initiatives for MSME: All registered micro, small, and medium enterprises should therefore be trained and incentivized to capture the global market.

a) Strengthening Domestic Manufacturing:

- **Improve the Atmanirbhar Bharat Initiative:** The government should promote self-reliance, increasing support for domestic industries through various subsidies and skill development programs.
- **Twenty-one Duplication:** The Production-Linked Incentives should be widened to desired sectors, enabling export propulsion.

b) Trade Agreement Mechanisms:

- **Strengthening India-USA Trade Relations:** The negotiation of a Free Trade Agreement (FTA) with the USA would foster reduced tariffs and increase access for Indian goods into the American market.
- **Handling Trade Barriers with China:** India should pursue dialogue with China to diminish non-tariff barriers, especially concerning the pharmaceutical and agricultural sectors.

c) Technological Enhancement in Export Sectors:

- **Improvement of the Digital Trade Infrastructure:** Incentives should be set for e-commerce platforms and digital payment systems that assist small exporters in penetrating global markets.
- **Investment in Research and Development (R&D):** Financial support for R&D in high-tech manufacturing helps India compete in international markets.

d) Strengthening Export Finance and Logistics:

- **Providing Cheaper Credit for Exporters:** Lower interest rates along with export credit guarantees will help to improve the competitiveness of Indian products.
- **Infrastructure Development:** Improvements in respect of port efficiency, logistics, and connectivity will work wonders in reducing the costs of export while increasing timelines of delivery.

4. Conclusion

Since 2014, India has grown increasingly important in the tremendous change witnessed in its export trends with the USA and China. The USA is the largest export destination for India, and the country's diversified trade portfolio is characterized by items such as pharmaceuticals, IT services, and engineering goods. On the other hand, exports to China consist of raw materials, mainly ores, mineral fuels, and

organic chemicals, with a sustained trade deficit. Both of these relationships bear huge economic importance for India, but the country is being challenged by trade imbalances, tariff and non-tariff barriers, and geopolitical tensions. A strategic response to these issues will entail the diversification of export markets away from China, strengthening domestic manufacturing, negotiating trade agreements that are favourable to India, and using technology to enhance export competitiveness. In the future, India should strive to instil long-term policy measures to reduce dependency on specific markets, accelerate trade infrastructure, and promote industries with high export potential. Through this, India will be able to strengthen its position in international trade, create job opportunities, and maintain retardation in economic growth in the years to come.

Author Profile



Honey Choudhary is an enthusiastic researcher, twice UGC NET qualified, with a Master's in Commerce. With a keen interest in analysing contemporary issues across various domain

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