



An Analysis of India's Bilateral Trade Dynamics with the United States (2020–21 to 2024–25)

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Abstract

This research paper presents a comprehensive and in-depth examination of the bilateral trade relations between India and the United States during the fiscal years 2020–21 to 2024–25. The study utilizes official trade data to explore key dimensions such as exports, imports, total trade volume, and the resulting trade balance. By comparing India's bilateral trade performance with the USA to its overall global trade, the paper highlights the growing strategic and economic importance of the United States in India's external sector. The analysis reveals that the USA has emerged as India's most significant export destination, with its share in India's total exports consistently increasing over the years. Despite global economic disruptions and supply chain challenges, India has sustained a substantial and widening trade surplus with the USA, reinforcing the robustness of this partnership. These findings underscore the depth of mutual economic engagement and the critical role of India–US trade in the evolving global economic architecture.

Keywords: India–us trade, bilateral trade relations, export growth, trade surplus, economic partnership, global trade dynamics

Introduction

The India–United States economic relationship represents one of the most dynamic and strategically important bilateral partnerships in the world today. Beyond its political and diplomatic dimensions, trade and economic cooperation form the bedrock of this relationship. In recent years, the trade linkages between the two countries have expanded rapidly, driven by complementary economic strengths, technological collaboration, and shared strategic interests.

This paper aims to analyze and interpret the changing dynamics of India–US trade over a five-year period from 2020–21 to 2024–25. It focuses on identifying trends in exports, imports, and total trade volume, along with assessing the growth rates and trade balance patterns. The study also places India–US trade in a comparative perspective by evaluating the United States' share in India's total global trade. The period under review encompasses significant global economic developments the post-pandemic recovery phase, the geopolitical realignments of trade routes, and fluctuating commodity markets all of which have had profound implications for bilateral trade flows.

By examining these shifts through an analytical lens, this research seeks to provide insights into the resilience, structural shifts, and evolving dependence between the two economies, while offering perspectives relevant for policy formulation and strategic business decisions.

Data and Methodology

The analysis is based entirely on secondary data collected for five fiscal years, from 2020–21 to 2024–25. The data set

includes India's exports to and imports from the United States, total bilateral trade, and the resulting trade balance. For a comprehensive understanding, India's total global exports, imports, and trade balance for the same period have been used as comparative indicators.

The methodological framework employs a descriptive and comparative approach. Year-on-year growth rates have been calculated to assess performance trends, while percentage shares are used to measure the relative importance of the United States in India's total trade composition. The analysis focuses on identifying both short-term fluctuations and long-term structural changes. Through this comparative examination, the study highlights the extent to which India's trade relationship with the USA has remained stable, resilient, and strategically beneficial amid broader global uncertainties.

Analysis of Key Trends

1. Exports: The Principal Driver of Bilateral Growth

India's exports to the United States have shown consistent expansion, reflecting the strength and competitiveness of Indian goods and services in the American market. The export value rose remarkably from US\$51.6 billion in 2020–21 to US\$86.5 billion in 2024–25, representing an overall increase of nearly 67 percent within five years. The trajectory, although interspersed with moderate fluctuations, reflects a pattern of sustained growth. The year 2021–22 marked an exceptional recovery with a 47.54 percent rise in exports, following the global economic reopening after the pandemic.

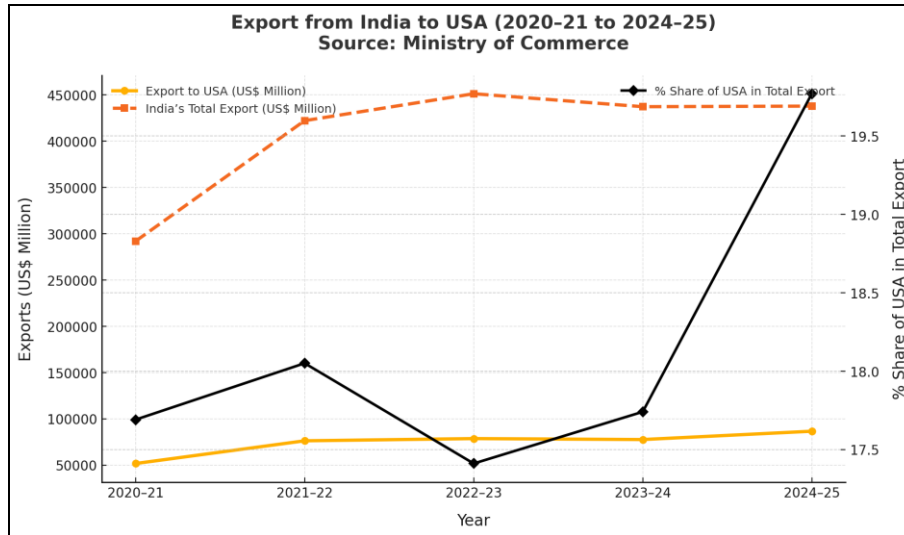
Table 1: Export from India to USA

Year	Export (US\$ Million)	% Growth	India's Total Export (US\$ Million)	% Growth	% Share of USA in India's Total Export
2020–21	51,623.14	—	291,808.48	—	17.69
2021–22	76,167.01	47.54	422,004.40	44.62	18.05
2022–23	78,542.60	3.12	451,070.00	6.89	17.41
2023–24	77,515.03	–1.31	437,072.03	–3.10	17.74
2024–25	86,514.28	11.61	437,704.58	0.14	19.77

Source: Ministry of Commerce

Even in years of global trade contraction, India’s exports to the USA demonstrated notable stability. For instance, in 2023–24, when India’s total global exports fell by 3.10 percent, exports to the USA declined only marginally by 1.31 percent. This resilience indicates that the United States continues to offer a dependable and diversified market for Indian exporters. The most telling indicator of this

strengthening relationship is the steady rise in the USA’s share in India’s total exports from 17.69 percent in 2020–21 to 19.77 percent in 2024–25. Nearly one-fifth of India’s exports are now directed towards the American market, underscoring the increasing integration between the two economies.



The continuous expansion of India’s export footprint in the United States also signals the growing competitiveness of Indian industries such as pharmaceuticals, textiles, information technology, and machinery, which collectively contribute to sustaining this momentum.

2. Imports: Reflecting Market Fluctuations and Global Price Trends

India’s imports from the United States have followed a more variable trajectory, shaped by domestic demand patterns and external price dynamics. Imports increased from US\$28.9 billion in 2020–21 to US\$45.6 billion in 2024–25, reflecting an overall moderate growth during the period. However, the annual growth pattern was far from uniform. A sharp rise of 49.94 percent in 2021–22 was followed by periods of deceleration and even contraction, particularly in 2023–24, when imports fell by 17.04 percent.

Table 2: Import from USA to India

Year	Import (US\$ Million)	% Growth	India’s Total Import (US\$ Million)	% Growth	% Share of USA in India’s Total Import
2020–21	28,888.10	—	394,435.88	—	7.32
2021–22	43,314.07	49.94	613,052.05	55.43	7.07
2022–23	50,863.87	17.43	715,968.90	16.79	7.10
2023–24	42,195.49	–17.04	678,214.77	–5.27	6.22
2024–25	45,625.20	8.13	721,200.22	6.34	6.33

Source: Ministry of Commerce

Such fluctuations may be attributed to changes in global commodity prices, shifts in U.S. export policies, and evolving domestic industrial needs in India. Despite these variations, the share of imports from the USA in India’s total import basket has remained relatively stable, averaging around 7 percent, though it declined slightly to 6.22 percent in 2023–24. This trend indicates that while the United States remains a significant source of imports especially in high-technology equipment, defense materials, and agricultural products India continues to diversify its import portfolio across other global suppliers.

Overall, the import trend complements the broader narrative of balanced interdependence, wherein India maintains

strategic import relationships with the USA while strengthening its export dominance.

3. Total Trade and Trade Balance: A Strengthening Partnership

The overall bilateral trade between India and the United States expanded from US\$80.51 billion in 2020–21 to US\$132.14 billion in 2024–25, underscoring the growing scale and depth of the partnership. Despite temporary slowdowns, such as the contraction in 2023–24, the long-term trajectory remains decisively upward. This expansion reaffirms the United States’ position as one of India’s largest and most enduring trading partners.

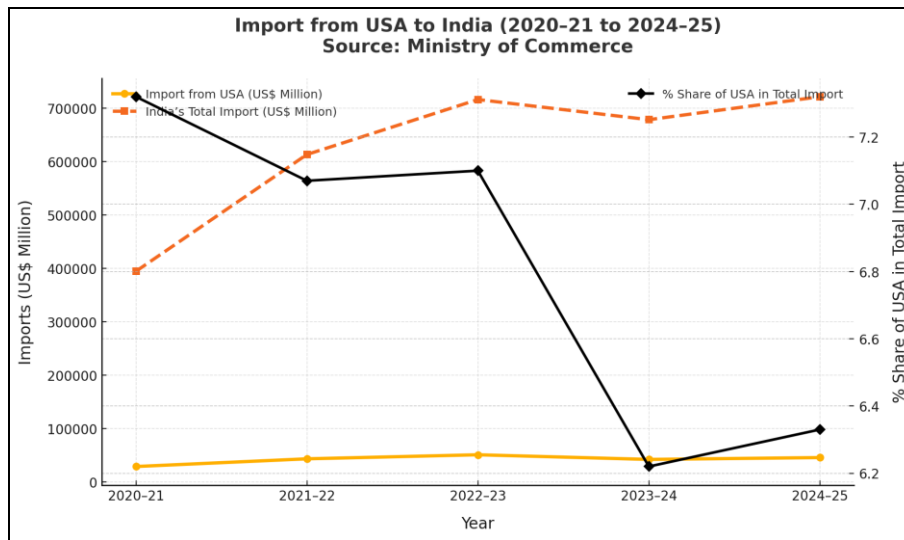
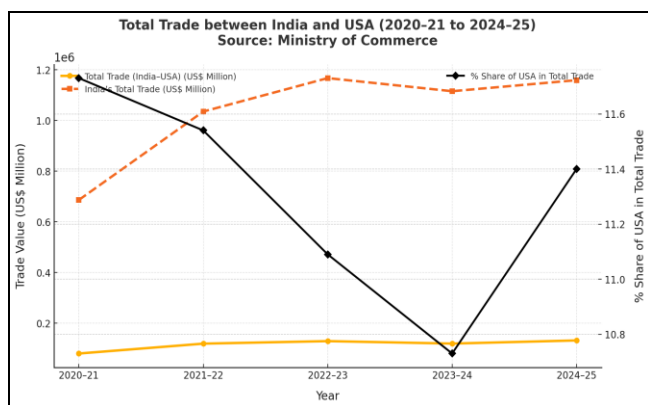


Table 3: Total Trade between India and USA

Year	Total Trade (US\$ Million)	% Growth	India's Total Trade (US\$ Million)	% Growth	% Share of USA in India's Total Trade	Trade Balance (US\$ Million)	India's Total Trade Balance (US\$ Million)
2020-21	80,511.24	—	686,244.36	—	11.73	22,735.05	-102,627.40
2021-22	119,481.08	48.40	1,035,056.45	50.83	11.54	32,852.94	-191,047.65
2022-23	129,406.47	8.31	1,167,038.89	12.75	11.09	27,678.73	-264,898.90
2023-24	119,710.52	-7.49	1,115,286.81	-4.43	10.73	35,319.54	-241,142.74
2024-25	132,139.48	10.38	1,158,904.80	3.91	11.40	40,889.09	-283,495.65

Source: Ministry of Commerce

Equally significant is the evolution of the trade balance, which has consistently remained in India's favor. The trade surplus rose from US\$22.7 billion in 2020-21 to US\$40.9 billion in 2024-25, indicating an increasingly favorable trade position. In sharp contrast, India's overall trade balance with the world remained negative, widening from -US\$102.6 billion to -US\$283.5 billion during the same period. This divergence highlights the strategic value of India's surplus with the USA, which serves as a crucial stabilizer within India's external trade account.



Such a surplus not only contributes to mitigating India's global trade deficit but also reflects the high value-added nature of its exports to the United States. The growing trade volume and surplus together symbolize a relationship marked by both opportunity and mutual benefit.

Comparative Analysis: India-USA Trade and India's Global Trade Context

A comparative assessment of India's bilateral trade with the USA vis-à-vis its overall global trade reveals that the United States consistently outperforms other markets in terms of

export stability and demand. During the high-growth phase of 2021-22, India's exports to the USA grew slightly faster than its overall global exports. Furthermore, in periods of global slowdown, such as 2023-24, exports to the USA proved more resilient, with a smaller rate of decline compared to the broader export base.

The share of the USA in India's total trade has remained above 11 percent throughout the period, peaking at 11.40 percent in 2024-25. This consistent presence signifies the structural stability of the bilateral trade partnership. It also suggests that India's economic integration with the United States is not merely transactional but reflective of long-term strategic alignment in trade, investment, and technology flows.

Conclusion and Policy Implications

The analysis clearly establishes that the United States occupies a central and increasingly indispensable role in India's external trade matrix. The bilateral trade relationship is characterized by robust export growth, a widening trade surplus, and a consistently significant share in India's total trade. These patterns reflect the enduring strength of the India-US economic corridor and its importance as a stabilizing force in India's global trade performance.

From a policy perspective, India should continue to leverage this strategic partnership by expanding cooperation in high-value sectors such as renewable energy, advanced manufacturing, digital services, and pharmaceuticals. Streamlining trade procedures, addressing tariff and non-tariff barriers, and fostering mutual investment frameworks can further enhance trade volumes and balance.

For Indian businesses, the United States represents not only a lucrative export market but also a platform for innovation, brand expansion, and long-term collaboration. Continued engagement, backed by data-driven policymaking and institutional support, will ensure that India-US trade remains a cornerstone of both nations' economic futures.

Given the prevailing trends, it is reasonable to project that bilateral trade between India and the USA will continue its upward trajectory, potentially positioning the USA as India's top trading partner in the near future. The expanding trade surplus, coupled with rising export competitiveness, will remain a defining feature of this evolving economic partnership.

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