

India's Agricultural Exports Surge Amid Global Trade Challenges

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India Farm Exports Latest News

- While overall merchandise export growth remains flat and unlikely to exceed the 2022-23 peak of \$451.1 billion, agricultural exports are driving India's export momentum, showing resilience and record-breaking potential.

India's Export Performance in 2024-25

- In 2024-25, India's merchandise exports stood at \$437.4 billion, just 0.1% higher than the \$437.1 billion in 2023-24.
- During April-June 2025, exports rose to \$112 billion, a 1.7% increase from \$110.1 billion in the same period last year.
- Union govt expressed confidence that exports this fiscal would surpass last year's levels, despite potential disruptions from U.S. President Donald Trump's tariff measures, including a 50% duty on Indian goods.

Agricultural Exports: Strong Upward Trend

- Agricultural exports recorded robust growth of 6.4%, increasing from \$48.8 billion in 2023-24 to \$51.9 billion in 2024-25.
- The first quarter of 2025-26 posted a further 5.8% year-on-year rise.
- If current trends continue, farm exports could reach \$55 billion in 2025-26, surpassing the previous record of \$53.2 billion in 2022-23.
- India's agricultural exports to the U.S. have been particularly strong, growing by 24.1% during January-June 2025 compared to the same period in 2024.

Drivers and Risks for India's Farm Exports

- India's farm exports surged from \$7.5 billion in 2003-04 to \$43.3 billion in 2013-14, later peaking at **\$53.2 billion in 2022-23 due to a global agri-commodity price boom.**
- The FAO food price index rose from 96.4 (2019-20) to 140.6 (2022-23).
- The 2023-24 decline was driven by drought and government curbs on wheat, rice, sugar, and onion exports to control food inflation.
- These restrictions eased in 2024-25 as monsoon-aided farm output improved, with a second consecutive above-normal monsoon likely allowing sugar export resumption.
 - Sugar net exports fell sharply from \$5.5 billion (2022-23) to \$771.3 million (2024-25).
- In Q1 2025-26, major items like marine products, non-basmati rice, buffalo meat, coffee, tobacco, and fruits & vegetables posted strong growth.
- Coffee exports benefited from low global stocks due to poor harvests in Brazil and Vietnam, while tobacco shipments rose following output shortfalls in Brazil and Zimbabwe.
 - Brazil and Vietnam are the world's biggest producers of arabica and robusta varieties respectively.
 - India mostly exports robusta beans and powder used in instant coffee and espresso blends.

Tariff Risks and Competitive Pressures

- From August 27, 2025, U.S. tariffs of 50% on Indian goods could hit marine products hardest, with the U.S. taking 35% of India's exports in this category.
- Frozen shrimps and prawns alone sent \$1.9 billion of the \$4.5 billion total to the U.S.
- Similar tariffs on Brazilian goods may divert their coffee surplus to other markets, potentially lowering prices and hurting Indian exports.

India's Agricultural Import Trends and Growing Dependence

- India maintained a **\$13.4 billion agricultural trade surplus in 2024-25**, with farm exports (\$51.9 billion) exceeding imports (\$38.5 billion), even as the surplus has fallen sharply from \$27.7 billion in 2013-14 due to faster import growth.
- Agricultural imports remain concentrated in a few commodities, with over two-thirds coming from **vegetable oils, pulses, and fresh fruits.**

- **Fresh fruit imports** — worth \$1.7 billion, largely from the U.S. — include almonds, pistachios, walnuts, apples, grapes, kiwis, figs, pears, and dates.
- **Pulses imports** hit a record 7.3 million tonnes (\$5.5 billion) in 2024-25 after duty cuts following the 2023-24 El Niño drought, though they have reduced this year with a bumper harvest.
- **Vegetable oil imports** (palm, soyabean, sunflower) continue rising as domestic production lags demand.
- **Cotton and natural rubber imports** have also grown due to declining domestic output since their peaks in 2013-14 and 2012-13, respectively.

Agriculture Emerges as a Sticking Point in India-US Trade Talks

- PM Modi's recent statement that India will never compromise the interests of its farmers, livestock rearers, and fisherfolk underscores the government's firm stance in stalled trade negotiations with the US.
- The **key point of contention** is opening India's market to US farm produce — including GM maize, soyabean, fuel ethanol, and dairy products — which New Delhi now wants excluded from any deal.
- This hardened position is shaped by domestic political sensitivities and US President Donald Trump's tariff measures, including a 50% duty on Indian imports, part of which penalises oil purchases from Russia.

Source: IE | IE

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