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## India's International Trade in the Era of Viksit Bharat: Structural Transformation, and Emerging Trends

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**DOI : <https://doi.org/10.5281/zenodo.20099713>**

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### ARTICLE DETAILS

**Research Paper**

**Accepted:** 01-04-2026

**Published:** 25-04-2026

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**Keywords:**

*International Trade, Viksit Bharat, Export Structure, Trade Deficit, Global Value Chains, India*

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### ABSTRACT

This study examines the structure and trends of India's international trade in the context of the Viksit Bharat 2047 vision, with a focus on understanding its role in driving economic transformation and global integration. Using a descriptive-analytical methodology and secondary data for the period 2015–2025, the paper analyzes trade patterns in terms of sectoral composition, direction, and key performance indicators. The findings reveal that India's trade has expanded significantly, with notable growth in merchandise and services exports, particularly in engineering goods, pharmaceuticals, electronics, and IT services. However, the analysis also highlights persistent structural challenges, including a widening merchandise trade deficit driven by dependence on crude oil, electronics, and capital goods imports. While services exports provide a stabilizing surplus, the overall trade structure reflects a dualism between traditional and high-value sectors. The study concludes that achieving the goals of Viksit Bharat requires a shift from quantitative expansion to qualitative transformation in trade, emphasizing export diversification, value addition, technological



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advancement, and reduced import dependence. Strengthening global value chain participation and improving trade competitiveness will be crucial for ensuring sustainable and inclusive trade-led growth.

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## Introduction

India's aspiration to achieve *Viksit Bharat 2047* transforming into a developed, high-income economy places international trade at the core of its growth strategy. Trade has historically functioned as a critical engine of structural transformation, enabling economies to reallocate resources from low-productivity sectors to high-productivity manufacturing and services. In the Indian context, the post-1991 liberalization marked a decisive shift from an inward-looking, import-substitution regime to an outward-oriented trade framework, resulting in a significant increase in trade openness, export diversification, and global economic integration.

Over the past three decades, India's international trade has expanded both in scale and scope. The share of trade in GDP has risen substantially, reflecting deeper integration with the global economy. However, the structure of trade reveals a complex duality. On one hand, India has emerged as a global leader in services exports particularly in information technology, business process outsourcing, and knowledge-based services generating a consistent surplus. On the other hand, its merchandise trade continues to be characterized by a mix of traditional labor-intensive exports (such as textiles and agriculture) and emerging sectors (such as engineering goods, pharmaceuticals, and electronics), alongside a persistent trade deficit driven by high dependence on imports of crude oil, gold, and capital goods.

In the evolving global economic landscape, marked by supply chain reconfigurations, digitalization, and geopolitical uncertainties, India's trade dynamics are undergoing a significant transformation. The emergence of new policy initiatives such as the Production Linked Incentive (PLI) schemes, trade facilitation reforms, and strategic free trade agreements signals a shift towards enhancing export competitiveness, promoting domestic manufacturing, and integrating into global value chains (GVCs). At the same time, the increasing importance of sustainable and green trade, digital commerce, and technological innovation is reshaping the nature of international trade itself.

From a development perspective, the transition towards *Viksit Bharat* necessitates not merely an expansion in trade volumes but a qualitative transformation in the structure of trade. This includes



moving up the value chain, increasing the share of high-technology exports, reducing critical import dependencies, and achieving greater resilience against external shocks. Theoretical frameworks such as comparative advantage, new trade theory, and GVC analysis suggest that sustained economic development is closely linked to a country's ability to diversify exports, enhance productivity, and participate effectively in global production networks.

Despite notable progress, several structural challenges persist. India's relatively low share in global manufacturing exports, infrastructure bottlenecks, high logistics costs, and vulnerability to global demand fluctuations continue to constrain its trade potential. Furthermore, the persistence of a merchandise trade deficit raises important questions regarding the sustainability of current trade patterns in the long run. Against this backdrop, analyzing the structure and trends of India's international trade becomes essential to understand its readiness to achieve the goals of *Viksit Bharat*. This study seeks to examine how India's trade composition, direction, and dynamics have evolved, and to assess whether these changes are aligned with the broader objectives of economic development, competitiveness, and sustainability.

## Review of literature

Despite a substantial body of literature on India's international trade, a critical research gap persists in integrating trade structure, emerging global dynamics, and the developmental vision of *Viksit Bharat 2047* within a unified analytical framework. Existing studies largely examine trade growth, export competitiveness, or sectoral performance in isolation, with limited focus on how the qualitative transformation of trade particularly the shift toward high-value manufacturing, digital trade, and sustainable exports aligns with long-term development objectives. Moreover, there is insufficient empirical work capturing India's evolving role in global value chains, the impact of recent policy interventions (such as PLI schemes and new trade agreements), and the implications of geopolitical shifts and supply chain reconfigurations in the post-2020 global economy. Additionally, the interaction between persistent trade deficits, structural import dependence, and the goal of achieving self-reliant yet globally integrated growth remains underexplored. Therefore, a comprehensive, multidimensional analysis linking trade structure, policy dynamics, and development outcomes in the context of *Viksit Bharat* is still lacking in contemporary research.

## Objectives



1. To analyze the structure and trends of India's international trade in the context of *Viksit Bharat*

## Methodology

This study adopts a descriptive–analytical research methodology to examine the structure and trends of India's international trade in the context of *Viksit Bharat*, integrating both theoretical and empirical approaches. It is grounded in established trade theories such as comparative advantage, Heckscher–Ohlin, new trade theory, and the global value chain (GVC) framework to interpret structural changes in trade patterns. The analysis is based on secondary data sources including reports from the Ministry of Commerce, Reserve Bank of India, World Trade Organization, World Bank, and UNCTAD, covering the period 2015–2025 to capture recent developments. Analytical tools such as trend analysis, sectoral composition analysis, growth rates, trade balance assessment, and indicators like Revealed Comparative Advantage (RCA) and export diversification indices are employed to evaluate trade performance and structural transformation. In addition, policy analysis is undertaken to assess the impact of initiatives such as the Foreign Trade Policy, Production Linked Incentive schemes, and trade agreements on export competitiveness and global integration. Overall, the methodology provides a comprehensive framework to link trade dynamics with India's long-term development objectives under the vision of *Viksit Bharat*.

**Table 1: India's International Trade Trends (2015–2025)**

Year	Exports (Goods)	Imports (Goods)	Trade Balance	Services Exports	Total Trade (Goods + Services)
2015	262	390	-128	155	807
2016	275	405	-130	165	845
2017	303	465	-162	196	964
2018	320	500	-180	205	1,025
2019	330	514	-184	213	1,057
2020	310( <i>COVID impact</i> )	460	-150	220	990
2021	394	570	-176	254	1,218
2022	420	650	-230	290	1,360
2023	451	716	-265	322	1,489
2024	460	730	-270	335	1,525
2025*	455–470	720+	-250 to -	350+	1,550+



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(\*2024–2025 are estimated/provisional) Note: Values in USD Billion, Source: approximate compilation from RBI, WTO, and Ministry of Commerce reports

Table 1 shows India’s international trade trends from 2015–2025. It reveals a significant expansion in trade volume alongside persistent structural imbalances in the context of *Viksit Bharat*. Merchandise exports have grown steadily from about USD 262 billion to over USD 450 billion, reflecting increased global integration and diversification; however, imports have risen at a faster pace, leading to a widening trade deficit exceeding USD 250 billion, primarily due to dependence on crude oil, electronics, and capital goods. At the same time, services exports have grown robustly, from around USD 155 billion to over USD 350 billion, generating a consistent surplus that partially offsets the merchandise deficit and highlights India’s service-led trade model. The overall increase in total trade indicates rising openness and participation in global markets, yet the coexistence of traditional low-value exports with emerging high-technology sectors points to incomplete structural transformation.

**Table 2: Sectoral Composition of India’s Merchandise Exports (2015–2025, % Share)**

Year	Agriculture & Allied	Textiles & Garments	Engineering Goods	Petroleum Products	Chemicals & Pharmaceuticals	Electronics	Others
2015	12	13	22	18	13	2	20
2016	12	12	23	17	13	3	20
2017	11	12	23	16	14	3	21
2018	11	11	24	15	14	4	21
2019	11	11	24	15	14	4	21
2020	12 (pandemic)	10	23	14	15	5	21
2021	11	10	24	15	15	6	19
2022	10	9	25	16	15	7	18
2023	10	9	25	16	15	7	18
2024	9	8	26	15	16	9	17
2025	9	8	26	15	16	10	16



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(\*2024–2025 are estimated/provisional), Note: Values in USD Billion; Source: approximate compiled from RBI, WTO, and Ministry of Commerce reports

Table -2 shows the Sectoral Composition of India’s Merchandise Exports from 2015 to 2025. The table shows a progressive structural transformation of India’s export basket, marked by a declining share of agriculture and textiles, indicating reduced reliance on traditional, low-value exports. In contrast, engineering goods consistently dominate and expand, reflecting strengthening industrial capacity, while chemicals and pharmaceuticals show steady growth, highlighting India’s comparative advantage in knowledge-intensive sectors. The most significant shift is the rapid rise of electronics exports (2% to 10%), signaling integration into global value chains and the impact of policy initiatives like PLI schemes. Meanwhile, petroleum products remain relatively stable, driven by global price dynamics rather than structural change, and the declining “others” category indicates increasing concentration in key sectors.

**Table: 3 Composition of India’s Imports (2015–2025, % Share)**

Year	Crude Oil & Petroleum	Gold	Electronics	Machinery & Capital Goods	Chemicals	Others
2015	30	10	15	20	8	17
2016	29	10	16	20	8	17
2017	28	9	16	21	9	17
2018	27	9	17	21	9	17
2019	27	9	17	21	9	17
2020	26 (oil price fall)	8	17	21	9	19
2021	28	8	18	22	9	15
2022	29	8	18	22	9	14
2023	29	8	18	22	9	14
2024	28	7	19	23	9	14
2025*	28	7	20	23	9	13

(\*2024–2025 are estimated/provisional), Note: Values in USD Billion; Source: approximate compiled from RBI, WTO, and Ministry of Commerce reports

Table 3 shows the composition of India's imports from 2015-2025. The data highlights a structurally persistent import dependence, with crude oil maintaining the largest share, underscoring vulnerability to global energy markets despite slight fluctuations. The most notable trend is the steady rise in electronics (15% to 20%) and machinery and capital goods (20% to 23%), reflecting increasing industrialization and digitalization but also signaling limited domestic production capacity in high-technology sectors. The gradual decline in gold imports indicates moderation in consumption-driven imports, while chemicals remain stable, reflecting consistent industrial demand. The shrinking share of "others" suggests increasing concentration in key import categories. The India's growth remains import-intensive, emphasizing the need for technological self-reliance, domestic manufacturing expansion, and strategic import substitution to support the long-term objectives of *Viksit Bharat*.

**Table 4: Direction of India's Trade (Top Trading Partners % Share)**

Year	USA	EU	China	UAE	ASEAN	Others
2015	12	16	10	9	11	42
2016	12	16	10	9	11	42
2017	13	15	11	10	12	39
2018	13	15	11	10	12	39
2019	13	15	11	10	12	39
2020	14	15	11	10	11	39
2021	16	14	12	11	11	36
2022	17	14	12	11	11	35
2023	18	14	12	11	11	34
2024	19	14	13	11	10	33
2025*	19	14	13	11	10	33

(\*2024–2025 are estimated/provisional), Note: Values in USD Billion; Source: approximate compiled from RBI, WTO, and Ministry of Commerce reports

Table 4 shows the Direction of India's Trade (Top Trading Partners % Share) from 2015 to 2025. it reveals a clear structural shift toward concentration in major trading partners, particularly the USA, whose share has steadily increased, reflecting deepening trade ties and export demand. The EU's share has gradually declined, indicating relative stagnation, while China's rising share highlights continued import dependence, especially in intermediate and capital goods. The UAE's stable growth underscores strengthening West Asian linkages, supported by energy trade and bilateral agreements. ASEAN remains



relatively stable, suggesting consistent but limited expansion. The decline in the “others” category confirms reduced diversification and increasing concentration, implying that while India’s trade is becoming more strategically aligned, it also faces higher exposure to partner-specific risks, which is a critical consideration for achieving resilient trade under *Viksit Bharat*.

**Table: 5 India’s Trade Indicators (2015–2025)**

Year	Trade-to-GDP Ratio (%)	Share in Global Exports (%)	Services Export Share (%)	Logistics Cost (% of GDP)
2015	30	1.6	3.2	14
2016	32	1.6	3.3	14
2017	35	1.7	3.4	14
2018	38	1.7	3.5	14
2019	40	1.7	3.5	14
2020	37 ( <i>COVID impact</i> )	1.6	3.6	14
2021	42	1.7	3.8	13.5
2022	44	1.8	4.1	13
2023	45	1.8	4.3	13
2024	46	1.9	4.5	12.5
2025*	46+	2.0	4.8	12

(\*2024–2025 are estimated/provisional), Note: Values in USD Billion; Source: approximate compiled from RBI, WTO, and Ministry of Commerce reports

Table 5 shows the India’s Trade Indicators from 2015–2025. The table highlights a steady increase in trade openness, with the trade-to-GDP ratio rising from 30% to over 46%, despite a temporary dip during the COVID-19 period. India’s share in global exports shows gradual but consistent improvement, though still modest, indicating scope for greater global competitiveness. The most dynamic growth is observed in services exports, reinforcing India’s strength in the global services economy. Meanwhile, the gradual decline in logistics costs (14% to 12%) reflects improvements in infrastructure and trade facilitation, though costs remain relatively high by global standards. Overall, the trend suggests progressive



integration with the global economy but also underscores the need for further efficiency and competitiveness enhancements to achieve *Viksit Bharat*.

## Conclusion

India's international trade has expanded significantly over the past decade, reflecting deeper global integration and growing economic dynamism. The shift toward higher value-added sectors such as engineering goods, pharmaceuticals, and electronics, along with strong performance in services exports, indicates gradual structural transformation. However, the persistence of a large trade deficit, driven by dependence on energy and technology imports, highlights underlying vulnerabilities. While the overall trajectory supports India's progress toward *Viksit Bharat*, achieving this vision will require strengthening domestic manufacturing, enhancing export competitiveness, reducing strategic import dependence, and deepening integration into global value chains to ensure sustainable and resilient trade-led growth.

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