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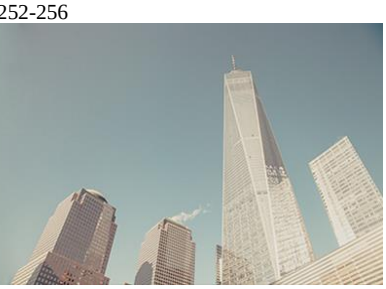

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India's trade dynamics and dependencies with China, U.S. and Russia

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Abstract
This study examines India's trade dynamics and dependencies with China, the United States, and Russia, highlighting patterns, imbalances, and strategic vulnerabilities. It analyzes trade volumes, sectoral composition, and deficits to identify structural risks arising from concentrated imports and over-reliance on specific markets. The research explores geopolitical and policy implications, assessing India's leverage and negotiation power with major partners. Export performance, diversification efforts, and the role of critical sectors such as energy and technology are evaluated to enhance economic resilience. Policy recommendations are offered to strengthen supply chains, mitigate trade risks, and reduce strategic dependencies, fostering sustainable and balanced international trade.

Keywords: India, trade dependencies, China, United States, Russia

1.0 Introduction
India's trade relationships with China, the United States, and Russia are central to its economic growth, industrial development, and global engagement. These partnerships exhibit distinct patterns of exports, imports, and trade balances, revealing structural dependencies and vulnerabilities. Understanding these dynamics is crucial for policy planning, risk management, and strategic decision-making in an increasingly volatile global trade environment.

1.1 Meaning of Terms
1.1.1 India's Trade Dynamics: Refers to the patterns, flows, and structural features of India's trade with major partners, including the volume of imports and exports, trade balances, sectoral composition, and trends over time. It highlights how India engages economically with countries like China, the U.S., and Russia, and how these interactions evolve in response to market, policy, or geopolitical changes.

1.1.2 Trade Dependencies: Indicates India's reliance on specific countries for essential goods, services, or technology. High dependency can create vulnerabilities in supply chains, influence trade deficits, and shape the country's strategic and policy decisions, as seen in India's reliance on Chinese intermediate goods, Russian energy, and exports to the U.S.

1.1.3 China, U.S., and Russia: Represent India's three major trading partners with distinct trade characteristics and strategic significance. China is primarily an import source with a large trade deficit, the U.S. is a major export market with a trade surplus, and Russia is a critical supplier of energy and strategic goods. Together, these countries illustrate India's diverse trade relationships and the risks and opportunities arising from its global dependencies.

1.2 Background of the problem
India's trade relationships with China, the United States, and Russia have grown in scale and strategic significance over the past decade, reflecting both economic opportunities and vulnerabilities. China has emerged as India's largest import partner, supplying critical intermediate goods, electronics, machinery, and chemicals, while India's exports to China remain limited. This structural trade imbalance has created a persistent trade deficit,

raising concerns about supply chain dependencies and economic leverage.

In contrast, the United States is India's largest export destination, accounting for a significant share of merchandise exports and generating a trade surplus. The U.S.-India trade relationship spans not only goods but also services, foreign direct investment, and intellectual property, making it a cornerstone of India's economic engagement with advanced economies. However, overreliance on the U.S. market exposes India to potential policy shifts, tariff changes, and trade restrictions.

Trade with Russia, meanwhile, is dominated by energy imports, particularly crude oil and petroleum products, which form the bulk of India's growing trade deficit with the country. Discounted Russian energy post-Ukraine-war sanctions and long-term strategic agreements have strengthened bilateral economic ties, yet they also expose India to geopolitical and logistical risks. Understanding these trade dynamics and dependencies is critical for policymakers, businesses, and researchers to navigate vulnerabilities, enhance supply chain resilience, and plan for a more balanced and sustainable trade strategy.

1.3 Nature and Scope

The paper is a descriptive and analytical study examining India's trade patterns, dependencies, vulnerabilities, and strategic implications with China, the U.S., and Russia across key sectors and bilateral relationships.

1.3.1 Nature: The paper is a descriptive and analytical study that examines India's trade dynamics and dependencies with three major global partners China, the United States, and Russia. It focuses on both quantitative and qualitative aspects of bilateral trade, including trade volumes, balances, sectoral composition, and structural dependencies. By analyzing historical and current trends, the study aims to uncover vulnerabilities arising from import concentration, trade deficits, and over-reliance on critical goods, while also evaluating India's export performance and diversification efforts. The research takes a comparative approach to highlight differences in dependency patterns and strategic leverage among the three countries.

1.3.2 Scope: The scope of the paper encompasses India's bilateral trade relationships across key sectors, including energy, electronics, pharmaceuticals, and high-value manufactured goods. It evaluates the strategic and policy implications of these trade interactions, such as negotiation leverage, geopolitical pressures, and supply chain vulnerabilities. The study also considers the role of logistics, global pricing fluctuations, and trade policies in shaping dependencies. Furthermore, it identifies opportunities for India to enhance trade resilience through market diversification, import substitution, and strengthening domestic capabilities, offering insights for policymakers, industry stakeholders, and researchers.

1.4 Delimitations

The study relies primarily on secondary data sources, such as government reports, industry publications, news articles, and trade databases, which may have differences in reporting standards, timeliness, or accuracy. Trade data, especially at the sectoral or sub-sectoral level, may not fully capture informal or emerging trade flows. The paper focuses on bilateral trade with China, the U.S., and Russia (2018-2025), which limits broader generalization to India's trade with other partners. Geopolitical developments and rapidly changing trade policies can also alter dynamics, making some findings time-sensitive.

1.5 Rationale

The rationale for this study stems from the strategic and economic significance of India's trade with China, the U.S., and Russia. Understanding trade patterns, structural vulnerabilities, and sectoral dependencies is crucial for policymakers and industry stakeholders to manage risks and enhance resilience. The study aims to provide insights into trade imbalances, market concentration, and strategic leverage, helping India identify opportunities for export diversification, import substitution, and long-term economic stability. By analyzing these major trading relationships, the paper contributes to informed decision-making in trade policy, supply chain planning, and geopolitical strategy.

1.6 Research Objectives

1. Analyze India's trade patterns and dependencies with China, the United States, and Russia, focusing on trade volumes, balances, and sectoral composition.
2. Identify structural vulnerabilities and risks arising from India's trade deficits, import concentration, and over-reliance on specific markets or critical goods.
3. Examine the strategic and policy implications of India's trade with major partners, including leverage, negotiation power, and potential geopolitical pressures.
4. Evaluate India's export performance and diversification efforts, highlighting opportunities to reduce trade imbalances and enhance resilience.
5. Assess the role of energy, technology, and high-value sectors in shaping India's bilateral trade risks and strategic dependencies.
6. Provide recommendations for trade policy, supply chain resilience, and market diversification to mitigate economic and geopolitical risks.

1.7 Research Methodology

1.7.1 Method: The present study on India's trade dynamics and dependencies with China, the U.S., and Russia adopts a descriptive and analytical research design. The focus is on examining trade patterns, imbalances, and sectoral dependencies to understand the structural features of India's bilateral trade. A comparative and sectoral approach is employed to highlight differences in trade exposure, vulnerabilities, and strategic leverage across the three major trading partners.

1.7.2 Data Collection: Data collection relies exclusively on secondary sources, including government reports, industry publications, news articles, trade databases, and reports from international economic organizations. This ensures that the analysis is grounded in authoritative and up-to-date information, capturing trends in trade volumes, deficits, import or export composition, and sectoral engagement for each partner country.

1.7.3 Analytical Approach: The analytical approach combines both quantitative and qualitative methods. Quantitative analysis focuses on trade volumes, bilateral

deficits, and the share of exports and imports across sectors, enabling identification of structural imbalances and concentration risks. Qualitative assessment explores the strategic and policy implications of these trade relationships, including potential vulnerabilities, leverage in negotiations, and geopolitical pressures. The study also undertakes comparative evaluation, contrasting India's trade structure with China, the U.S., and Russia to reveal sector-specific dependencies, asymmetries, and opportunities for diversification.

1.7.4 Data Source: The data sources include the government and official reports (India Brand Equity Foundation, Census.gov, Bureau of Industry and Security, Ministry of Commerce & Industry, Indian Embassy Moscow); news and media outlets (Reuters, The Statesman, Business Standard, Money control, East Asia Forum, The Times of India, Interfax, Sputnik News); and industry and research publications (EY, United States Institute of Peace, Trading Economics) [1, 2, 3, 5, 6, 7].

1.8 Key Findings

The key findings of this study under sub heads of 1.8.1, 1.8.2 and 1.8.3 highlight the structural patterns, dependencies, and vulnerabilities in India's trade with China, the United States, and Russia. Analysis reveals persistent trade imbalances, sectoral dependencies, and asymmetries that shape India's economic and strategic positioning. Critical sectors such as electronics, pharmaceuticals, energy, and high-value manufacturing emerge as focal points of dependency and risk. These findings provide a foundation for understanding the strategic, policy, and diversification measures needed to enhance India's trade resilience.

1.8.1. India-China Trade Dynamics

1.8.1.1 The Trade Patterns and Imbalances (Objectives 1.6.1 & 1.6.2): India's trade deficit with China has been a persistent concern. In FY 2018-19, the deficit stood at approximately USD 53.56 billion, with imports valued at USD 74.92 billion and exports at only USD 17.97 billion (DST; Embassy of India, Beijing). Key imports included electronics, telecom equipment, industrial machinery, and chemicals, while exports comprised organic chemicals, cotton, minerals, and marine products. By FY 2019-20, the deficit slightly narrowed to USD 48.66 billion due to reduced domestic demand and early COVID-19 disruptions. However, in FY 2024-25, the deficit surged to a record USD 99.2 billion, driven by rising imports of electronics, solar panels, telecom equipment, and chemicals (Reuters, 2025). Limited export growth and diversification compounded the structural trade imbalance [5].

1.8.1.2 Sectoral Dependencies and Strategic Risks (Objectives 1.6.2, 1.6.3 & 1.6.5): China remains India's largest import source, accounting for 15.7% of total merchandise imports, with essential intermediate goods forming the bulk (EY, 2025). Critical sectors such as electronics, semiconductors, telecom components, specialty chemicals, and machinery exhibit high dependence, making substitution difficult and costly (USIP, 2025). The trade asymmetry reduces India's bargaining power and exposes it to leverage, coercion, or policy pressures from China, including potential export controls and non-tariff barriers. Limited export integration (3.3% of total exports) further restricts India's ability to offset dependency.

1.8.1.3 Implications and Policy Considerations (Objectives 1.6.3 & 1.6.6): The dependence on Chinese imports creates vulnerabilities to supply disruptions, tariff and non-tariff retaliation, and cascading effects on high-value industrial sectors. Policy measures such as import substitution, supply chain diversification, and domestic capacity building are essential to mitigate these risks (The Times of India, 2025). Strategic considerations also extend to diplomatic and security domains, as economic leverage can translate into geopolitical influence [6].

1.8.2 India-U.S. Trade Dynamics

1.8.2.1 Trade Patterns and Dependencies (Objectives 1.6.1 & 1.6.2): India's trade with the United States is largely export-oriented. In FY 2024-25, bilateral trade reached USD 132.2 billion, with India recording a trade surplus of USD 40.82 billion (IBEF, 2025). Exports include pharmaceuticals, engineering goods, textiles, gems and jewellery, and IT services, while imports consist of aircraft, machinery, medical equipment, and petroleum products. Historical data (2021) shows a rising surplus trend, with U.S. imports from India at USD 73.3 billion and exports to India at USD 40.1 billion (BIS, 2021), indicating growing export strength and integration into U.S. supply chains [3].

1.8.2.2 Sectoral Exposure and Leverage Points (Objectives 1.6.2, 1.6.3 & 1.6.5): India's heavy reliance on U.S. exports exposes it to potential tariff and policy risks, especially in electronics, pharmaceuticals, and gems and jewellery (East Asia Forum, 2025). Although the U.S. is not a major source of imports for India, it supplies critical technology, specialized machinery, aerospace components, and intellectual property-intensive goods. Services, FDI, and knowledge economy linkages further deepen interdependence, while the U.S.'s significant trade volume confers negotiation leverage in bilateral discussions (PL India, 2025) [2].

1.8.2.3 Risks and Policy Implications (Objectives 1.6.3 & 1.6.6): Key risks include exposure to U.S. trade policy changes, market concentration effects, and potential supply constraints. India must pursue diversification of export markets, strengthen domestic capabilities in high-value sectors, and maintain robust negotiation strategies to mitigate vulnerabilities. Securing alternative supply channels for critical technology and energy also enhances strategic resilience.

1.8.3 India-Russia Trade Dynamics

1.8.3.1 Trade Patterns and Imbalances (Objectives 1.6.1 & 1.6.2): Bilateral merchandise trade with Russia reached USD 68 billion in FY 2024-25, dominated by imports of USD 63.84 billion and exports of USD 4.88 billion (IBEF, 2025). The trade deficit widened sharply from USD 6.6 billion in 2021 to USD 58.9 billion (Indian Defence News, 2025) [4]. India primarily imports crude oil, petroleum products, fertilizers, metals, and agricultural commodities, while exports comprise engineering goods, pharmaceuticals, chemicals, and select agricultural products.

1.8.3.2 Sectoral Dependencies and Strategic Drivers (Objectives 1.6.2, 1.6.3 & 1.6.5): Energy imports dominate India-Russia trade, with crude oil alone accounting for USD 56.8 billion (IBEF, 2025). Dependence on discounted Russian crude post-Ukraine-war sanctions exposes India to geopolitical and diplomatic pressures. Non-energy imports, including fertilizers and food products, also form an essential part of industrial and domestic consumption. Strategic factors, such as logistics improvements through the International North-South Transport Corridor (INSTC) and investment initiatives, facilitate trade but underline structural dependence.

1.8.3.3 Implications and Policy Considerations (Objectives 1.6.3 & 1.6.6): India's reliance on Russian energy imports creates vulnerability to oil price fluctuations, sanctions, or logistical disruptions. Export growth to Russia remains limited, making trade balance adjustment gradual. Policy priorities include expanding exports, diversifying the import basket, ensuring secure logistics and financial channels, and strengthening energy and industrial resilience. Long-term targets, such as achieving USD 100 billion bilateral trade by 2030, reflect strategic intent to balance dependence with diversification and sustainable growth (The Times of India, 2025) [6].

1.9 Discussion

India's trade dynamics with China have long been characterized by a persistent trade deficit, reflecting deep structural imbalances. In FY 2018-19, the deficit stood at approximately USD 53.56 billion, with imports of USD 74.92 billion against exports of USD 17.97 billion. The import basket was dominated by electronics, telecom equipment, industrial machinery, and chemicals, while exports were concentrated in organic chemicals, cotton, minerals, and marine products. A slight narrowing of the deficit to USD 48.66 billion in FY 2019-20 was driven by weaker domestic demand and early COVID-19 disruptions, alongside efforts to promote import substitution in critical sectors. However, by FY 2024-25, the deficit had surged to a record USD 99.2 billion, fueled by rising imports of electronics, solar panels, telecom equipment, and chemicals, while export growth stagnated, underscoring India's continued reliance on Chinese intermediate and capital goods. This widening imbalance highlights the structural asymmetry in bilateral trade and the limited ability of India to offset imports through exports.

India's dependency on Chinese imports is particularly pronounced in critical sectors such as electronics, semiconductors, telecom components, specialty chemicals, and machinery, where substitution is both costly and time-consuming. China accounts for 15.7% of India's total merchandise imports, while India's exports to China constitute only about 3.3% of total exports, reducing India's bargaining power and exposing it to potential coercion, export controls, and non-tariff barriers. The structural imbalance emphasizes the strategic vulnerability of India's industrial and technological ecosystem and reinforces the necessity for policy measures aimed at import substitution, domestic capacity building, and diversification of supply chains. Furthermore, the dependence on Chinese inputs has broader strategic implications, extending beyond economic concerns to diplomatic and security considerations, as trade leverage can be exploited in geopolitical negotiations.

India's trade with the United States presents a contrasting scenario, with a strong export orientation resulting in a significant trade surplus of USD 40.82 billion in FY 2024-25 within total bilateral trade of USD 132.2 billion. Key exports include pharmaceuticals, engineering goods, textiles, gems and jewellery, and IT services, while imports primarily consist of aircraft, machinery, medical equipment, and petroleum products. Historical data indicates a steady upward trend in India's surplus, reflecting the country's growing integration into U.S. supply chains, rising competitiveness in technology-intensive sectors, and increasing export strength. Although the U.S. is not a major source of imports, it provides technologically advanced goods and intellectual property-intensive items essential for India's industrial base, including aerospace components and specialized machinery.

Despite the export-driven surplus, India's reliance on the U.S. exposes it to risks associated with trade policy changes, tariffs, and concentrated market dependence, particularly in sectors such as electronics, pharmaceuticals, and gems and jewellery. Services, foreign direct investment, and knowledge economy linkages deepen bilateral interdependence, increasing sensitivity to U.S. policy or market fluctuations. Consequently, India must focus on diversifying export markets, enhancing domestic production capabilities in high-value sectors, and securing alternative supply channels for critical technology and energy to maintain trade resilience and mitigate vulnerabilities arising from concentrated dependence.

Trade with Russia is heavily skewed toward imports, dominated by energy commodities, resulting in a trade deficit of USD 58.9 billion in FY 2024-25, a sharp increase from USD 6.6 billion in 2021. India's imports from Russia include crude oil, petroleum products, fertilizers, metals, and agricultural commodities, while exports comprise engineering goods, pharmaceuticals, chemicals, and select agricultural items. The structural imbalance reflects India's dependence on Russian resources, particularly energy, which exposes the country to fluctuations in global oil prices, sanctions, and logistical disruptions. Post-Ukraine-war sanctions and discounted Russian crude have further intensified reliance, creating potential geopolitical and diplomatic risks.

The concentration of imports in energy and strategic commodities highlights vulnerabilities in India-Russia trade, emphasizing the need for export growth, import diversification, and secure logistics and financial arrangements. Investments and infrastructural initiatives, such as the International North-South Transport Corridor, aim to facilitate trade and reduce operational risks. Long-term targets, including achieving USD 100 billion in bilateral trade by 2030, reflect India's strategic intent to balance dependence with diversification and strengthen industrial and energy resilience. Overall, trade with Russia remains highly asymmetrical, requiring careful policy planning to mitigate economic, logistical, and geopolitical risks while fostering sustainable growth and resilience.

1.10 Conclusion

India's trade relationships with China, the United States, and Russia reveal a complex pattern of dependencies, asymmetries, and strategic vulnerabilities. With China, India faces a structural trade deficit driven by heavy reliance on imports of intermediate goods, machinery, electronics, and

chemicals. Despite attempts at import substitution and domestic capacity building, India's limited export footprint to China and the record trade deficit in FY 2024-25 highlight the persistent imbalance, which exposes India to supply disruptions, tariff risks, and potential economic leverage from China.

In contrast, India maintains a significant trade surplus with the United States, reflecting strong export performance in sectors such as pharmaceuticals, engineering goods, and information technology. This export-driven relationship underscores the strategic importance of the U.S. market for India, while also highlighting potential vulnerabilities related to over-concentration in a single destination. Policy risks, such as changes in U.S. tariffs or trade regulations, and the need to maintain balanced service, investment, and intellectual property flows, emphasize the necessity of continued diversification and negotiation leverage.

Trade with Russia, meanwhile, is heavily weighted toward energy imports, particularly discounted crude oil, driving a growing bilateral trade deficit. While logistics innovations and investment in infrastructure help facilitate trade, India remains exposed to global oil price fluctuations, geopolitical pressures, and sanctions regimes. Efforts to diversify imports beyond energy, expand exports, and strengthen strategic partnerships are essential to mitigate risks. Overall, India's trade strategy must balance market opportunities with the management of vulnerabilities, emphasizing diversification, domestic capacity building, and long-term resilience in its global trade engagements.

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