COUNTRY PROFILE REPORT OF ITJ DIVISION, DGCI&S
INDIA-IRAN BILATERAL TRADE RELATIONS

INTRODUCTION & BRIEF ECONOMIC OVERVIEW

The Islamic Republic of Iran is located in Western Asia, bordered by the Caspian Sea to the north and the Persian Gulf and the Gulf of Oman to the south. It shares land borders with Armenia, Azerbaijan, Turkmenistan, Afghanistan, Pakistan, Turkey, and Iraq. Iran possesses abundant natural resources and holds some of the world's largest proven reserves of crude oil and natural gas.

2. Hydrocarbons, petrochemicals, agriculture, and manufacturing are the principal drivers of the Iranian economy. As shown in Table 1, Iran's real GDP growth moderated from 4.7% in 2021 to 3.8% in 2022, before rising to 5.0% in 2023 and easing to 3.7% in 2024. Economic growth is projected to moderate further to 2.5% in 2025 and stabilize at around 2.0% during 2026–2029. Average consumer price inflation, although declining, is expected to remain elevated, falling from 46.2% in 2021 to 31.7% in 2024 and further to 25.0% by 2027, where it is projected to remain through 2029. Meanwhile, the current account balance is projected to weaken from a surplus of 3.1% of GDP in 2021 to a deficit of 1.2% of GDP by 2029, reflecting moderating external balances over the medium term.

A snapshot of Iran's selected economic indicators is presented in Table 1.

TABLE – 1

IRAN - SELECTED ECONOMIC INDICATORS, 2021–2029	Est.			Projections					
Economic Indicators	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Real Economy (percent change)									
Real GDP	4.7	3.8	5.0	3.7	2.5	2.0	2.0	2.0	2.0
Real Non-Oil GDP	3.1	4.7	3.8	2.5	2.1	2.0	2.0	2.0	2.0
Inflation, Average Consumer Prices (percent) 1/	46.2	45.8	40.7	31.7	31.0	28.0	25.0	25.0	25.0
Inflation, End of Period Consumer Prices (percent) 1/	34.7	53.4	34.9	30.0	28.5	26.0	25.0	25.0	25.0
Unemployment rate (percent) 2/	9.2	9.0	8.1	8.5	8.7	8.8	8.9	9.0	9.0
Public Finance (percent of GDP)									
General Government Total Revenue	8.2	10.0	9.8	10.4	10.8	11.0	11.2	11.2	11.2
General Government Total Expenditure	12.8	14.1	14.6	15.2	15.8	16.2	16.4	16.4	16.4
General Government Net Lending/Borrowing (Overall Balance)	-4.6	-4.1	-4.8	-4.8	-5.0	-5.2	-5.2	-5.2	-5.2
General Government Gross Debt	42.4	34.0	30.6	32.1	35.0	37.3	38.5	39.0	39.5
Balance of Payments (percent of GDP)									
Current Account Balance (percent of GDP)	3.1	4.2	2.8	0.8	0.2	-0.5	-0.8	-1.0	-1.2
Current Account Balance (billion USD)	11.1	14.4	11.8	3.2	0.8	-2.1	-3.5	-4.8	-5.9
Memorandum Items									
Nominal GDP (billion USD)	358.8	343.1	421.4	387.8	395.2	410.5	430.1	452.0	475.2
Population (millions)	84.0	84.8	85.7	86.5	87.2	87.9	88.6	89.3	90.0

Sources: IMF World Economic Outlook (WEO) Database, Central Bank of the Islamic Republic of Iran (CBI), Statistical Center of Iran, and IMF Staff Calculations.
1/ Inflation figures reflect official Iranian national statistics adapted to annual IMF staff reporting standards.
2/ The unemployment rate, money and credit, and exchange rate represent actual historical figures up through 2023.
3/ OECD / IMF based methodology and indicators.
4/ Staff projections based on IMF World Economic Outlook database estimates.
Source: IMF Executive Board Article IV Consultation & World Economic Outlook Database.

FOREIGN TRADE

3. As per the latest available data from the World Integrated Trade Solution (WITS), Iran's four major merchandise export destinations are China, Other Asia, nes; Iraq, and the United Arab Emirates. Conversely, Iran's five principal import partners are the United Arab Emirates, China, Türkiye, India, and Germany. Iran's five leading export commodities are: (i) Petroleum oils and oils obtained from bituminous minerals, crude [270900]; (ii) Petroleum oils and oils obtained from bituminous minerals (excluding crude); preparations [271000]; (iii) Propane, liquefied [271112]; (iv) Urea [310210]; and (v) Methanol (methyl alcohol) [290511]. On the import side, Iran's five major imported commodities are: (i) Maize (excluding seed) [100590]; (ii) Spelt, common wheat, and meslin [100190]; (iii) Semi-milled or wholly milled rice [100630]; (iv) Transmission apparatus for radiotelephony, incorporating reception apparatus [852520]; and (v) Soya beans [120100].

4. Iran's total merchandise exports increased from US$ 34,409 million in 2020 to US$ 80,900 million in 2022. Exports recorded a robust growth of 95.50% in 2021 over the previous year, followed by a further increase of 20.26% in 2022. During the period 2020–2022, Iran's merchandise exports registered an Annual Compound Growth Rate (ACGR) of 53.33%**.**

5. Iran's total merchandise imports increased from US$ 38,805 million in 2020 to US$ 58,726 million in 2022. Imports grew by 36.47% in 2021 over the previous year, followed by a further increase of 10.89% in 2022. Over the period 2020–2022, Iran's merchandise imports registered an Annual Compound Growth Rate (ACGR) of 23.02%**.**

6. Iran recorded a merchandise trade deficit of US$ 4,396 million in 2020, which turned into a trade surplus of US$ 14,313 million in 2021 and further increased to US$ 22,174 million in 2022. Consequently, the total merchandise trade volume expanded from US$ 73,214 million in 2020 to US$ 139,626 million in 2022, registering an Annual Compound Growth Rate (ACGR) of 38.10% during the period.

A snapshot of IRAN's overall Trade Statistics is presented in Table 2 and Figure 1 below.

TABLE - 2

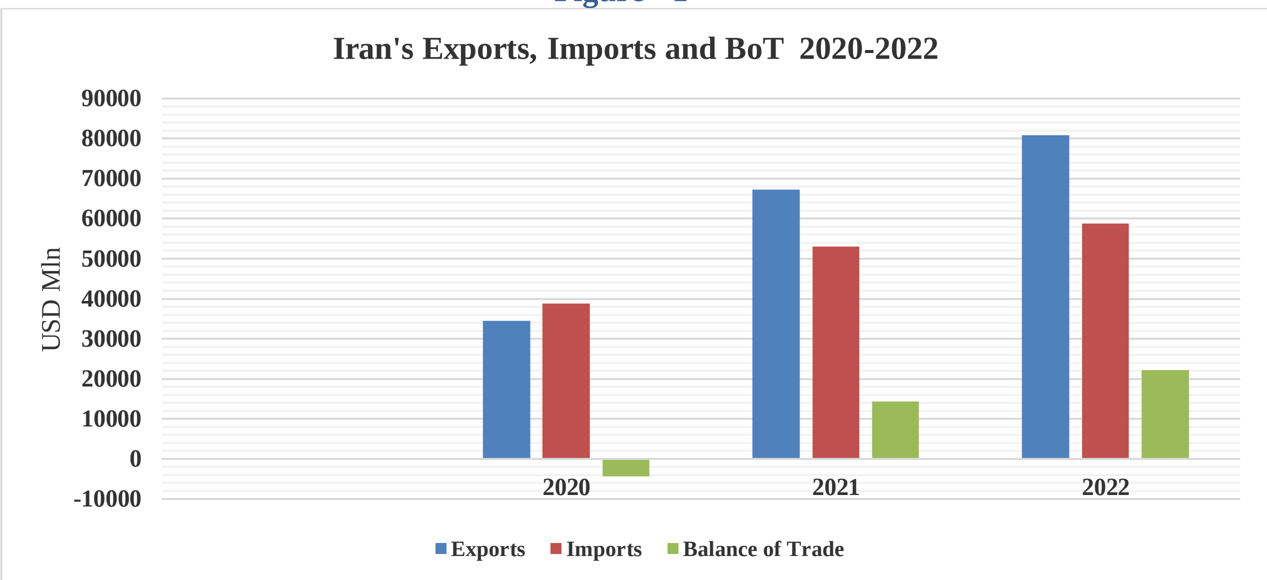
IRAN'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE AND BALANCE OF TRADE BETWEEN 2020 TO 2022

(Value in USD Million)

Year	Exports	Percentage Growth in Exports	Imports	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2020	34409		38805		73214		-4396
2021	67271	95.50	52958	36.47	120229	64.22	14313
2022	80900	20.26	58726	10.89	139626	16.13	22174
Annual Compound Growth Rate		**53.33**		**23.02**		**38.10**	

NOTE : Figures relate to calendar year (January to December)
SOURCE : UN COMTRADE PUBLICATION

Figure - 1



BILATERAL TRADE WITH INDIA

Merchandise Trade

7. During FY 2024–25, bilateral merchandise trade between India and Iran amounted to US$ 1,682.98 million**,** comprising India's exports to Iran of US$ 1,241.15 million and imports from Iran of US$ 441.83 million**.** Compared with FY 2023–24, India's exports to Iran increased by 1.53%**,** while imports from Iran declined by 29.32%**.** Consequently, total bilateral merchandise trade contracted by 8.91% during the year. Despite the decline in overall trade, India continued to maintain a merchandise trade surplus with Iran**,** which increased from US$ 597.31 million in FY 2023–24 to US$ 799.32 million in FY 2024–25.

8. During the period from FY 2020–21 to FY 2024–25, bilateral merchandise trade between India and Iran declined from US$ 2,106.28 million to US$ 1,682.98 million**,** registering an Annual Compound Growth Rate (ACGR) of –5.45%**.** India's exports to Iran decreased from US$ 1,774.80 million **to** US$ 1,241.15 million**,** recording an ACGR of –8.55%**.** In contrast, imports from Iran increased from US$ 331.48 million **to** US$ 441.83 million**,** registering an ACGR of 7.45% during the period.

9. India recorded a merchandise trade surplus with Iran throughout the period from FY 2020–21 to FY 2024–25. During this period, India's exports to Iran registered their highest annual decline of 26.32% in FY 2023–24, followed by a modest recovery of 1.53% in FY 2024–25. Imports from Iran recorded their highest annual growth of 45.05% in FY 2022–23, before declining by 6.99% in FY 2023–24 and 29.32% in FY 2024–25. As a result, India's merchandise trade surplus with Iran increased to US$ 799.32 million in FY 2024–25.

A snapshot of India's merchandise trade statistics w.r.t. IRAN is presented in Table 3 & Figure 2.

TABLE - 3

INDIA'S MERCHANDISE EXPORTS & IMPORTS w.r.t. IRAN
FY 2020-2021 to 2024-2025

(Value in USD Million)

Year	Exports from India to Iran	Percentage Growth in Exports	Imports from Iran to India	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2020-21	1774.80		331.48		2106.28		1443.32
2021-22	1451.16	-18.24	463.38	39.79	1914.54	-9.10	987.78
2022-23	1659.12	14.33	672.12	45.05	2331.24	21.77	987.00
2023-24	1222.46	-26.32	625.15	-6.99	1847.61	-20.75	597.31
2024-25	1241.15	1.53	441.83	-29.32	1682.98	-8.91	799.32
Annual Compound Growth Rate		**-8.55**		**7.45**		**-5.45**	

NOTE : Figures relate to Financial Year (April to March)
SOURCE : DGCI&S, M/oC&I

Figure 2

10. **Additionally, from Tables 4 & 5 presented below the following are stated:**

a. During FY 2024–25, Rice–Basmoti, Oil Meals, and Fresh Fruits emerged as the three principal merchandise export commodities from India to Iran among the selected items. Rice–Basmoti remained the largest export commodity, accounting for 60.69% of India's total exports to Iran**,** followed by Oil Meals **(**5.70%**)** and Fresh Fruits **(**4.45%**).**

b. During FY 2024–25, Fresh Fruits, Petroleum Products, and Dye Intermediates emerged as the three principal merchandise import commodities from Iran to India among the selected items. Fresh Fruits accounted for the largest share of India's total imports from Iran**,** at 60.32%**,** followed by Petroleum Products **(**15.84%**)** and Dye Intermediates **(**7.66%**).**

TABLE -4

INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO IRAN 2020-2021 TO 2024-2025 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2020-21	2021-22	2022-23	2023-24	2024-25	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23	24-25 over 2023-24
1	**RICE -BASMOTI**	**590.67**	**818.36**	**980.14**	**680.54**	**753.20**	**38.55**	**19.77**	**-30.57**	**10.68**
	Share in total export	33.28	56.39	59.08	55.67	60.69				
2	**OIL MEALS**	**38.93**		**3.34**	**174.89**	**70.79**	**-100.00**		**5136.23**	**-59.52**
	Share in total export	2.19	0.00	0.20	14.31	5.70				
3	**FRESH FRUITS**	**33.69**	**58.86**	**42.76**	**68.72**	**55.29**	**74.71**	**-27.35**	**60.71**	**-19.54**
	Share in total export	1.90	4.06	2.58	5.62	4.45				
4	**TEA**	**111.51**	**105.91**	**68.30**	**31.47**	**37.86**	**-5.02**	**-35.51**	**-53.92**	**20.29**
	Share in total export	6.28	7.30	4.12	2.57	3.05				
5	**PULSES**	**7.53**	**9.03**	**25.49**	**3.92**	**32.08**	**19.92**	**182.28**	**-84.62**	**718.39**
	Share in total export	0.42	0.62	1.54	0.32	2.58				
6	**SPICES**	**28.68**	**15.77**	**21.86**	**19.07**	**29.09**	**-45.01**	**38.62**	**-12.76**	**52.56**
	Share in total export	1.62	1.09	1.32	1.56	2.34				
7	**DRUG FORMULATIONS, BIOLOGICALS**	**59.65**	**34.80**	**15.68**	**12.84**	**27.74**	**-41.66**	**-54.94**	**-18.11**	**116.08**
	Share in total export	3.36	2.40	0.95	1.05	2.24				
8	**ESSENTIAL OILS**	**16.91**	**24.04**	**9.07**	**11.85**	**24.44**	**42.16**	**-62.27**	**30.65**	**106.28**
	Share in total export	0.95	1.66	0.55	0.97	1.97				
9	**GLASS AND GLASSWARE**	**1.61**	**1.01**	**1.32**	**0.31**	**18.04**	**-37.27**	**30.69**	**-76.52**	**5719.18**
	Share in total export	0.09	0.07	0.08	0.03	1.45				
10	**SUGAR**	**256.93**	**14.27**	**79.11**	**3.18**	**14.57**	**-94.45**	**454.38**	**-95.98**	**358.28**
	Share in total export	14.48	0.98	4.77	0.26	1.17				
	Total exports to IRAN	**1774.80**	**1451.16**	**1659.12**	**1222.46**	**1241.15**	**-18.24**	**14.33**	**-26.32**	**1.53**

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I

TABLE -5

INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORTS FROM IRAN 2020-2021 TO 2024-2025 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Import					Annual Growth Rates			
		2020-21	2021-22	2022-23	2023-24	2024-25	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23	24-25 over 2023-24
1	**FRESH FRUITS**	**129.50**	**207.98**	**131.57**	**179.42**	**266.49**	**60.60**	**-36.74**	**36.37**	**48.53**
	Share in total import	39.07	44.88	19.58	28.70	60.32				
2	**PETROLEUM PRODUCTS**	**12.63**	**85.56**	**188.91**	**177.59**	**70.00**	**577.43**	**120.79**	**-5.99**	**-60.59**
	Share in total import	3.81	18.46	28.11	28.41	15.84				
3	**DYE INTERMEDIATES**	**41.82**	**39.54**	**176.76**	**153.34**	**33.84**	**-5.45**	**347.04**	**-13.25**	**-77.93**
	Share in total import	12.62	8.53	26.30	24.53	7.66				
4	**BULK MINERALS AND ORES**	**4.02**	**3.25**	**9.70**	**13.38**	**26.28**	**-19.15**	**198.46**	**37.94**	**96.44**
	Share in total import	1.21	0.70	1.44	2.14	5.95				
5	**CMNT, CLINKR AND ASBSTOS CMNT**	**13.81**	**11.83**	**5.82**	**9.06**	**9.67**	**-14.34**	**-50.80**	**55.67**	**6.71**
	Share in total import	4.17	2.55	0.87	1.45	2.19				
6	**INORGANIC CHEMICALS**	**39.69**	**55.34**	**2.52**	**27.50**	**7.56**	**39.43**	**-95.45**	**991.27**	**-72.50**
	Share in total import	11.97	11.94	0.37	4.40	1.71				
7	**PROCESSED MINERALS**	**7.13**	**16.01**	**3.38**	**4.60**	**6.05**	**124.54**	**-78.89**	**36.09**	**31.59**
	Share in total import	2.15	3.46	0.50	0.74	1.37				
8	**GLASS AND GLASSWARE**	**5.85**	**5.00**	**1.56**	**1.67**	**3.49**	**-14.53**	**-68.80**	**7.05**	**109.04**
	Share in total import	1.76	1.08	0.23	0.27	0.79				
9	**TEA**	**2.74**	**3.39**	**0.28**	**1.96**	**3.22**	**23.72**	**-91.74**	**600.00**	**64.07**
	Share in total import	0.83	0.73	0.04	0.31	0.73				
10	**SPICES**	**1.84**	**4.77**	**8.85**	**8.95**	**2.51**	**159.24**	**85.53**	**1.13**	**-72.00**
	Share in total import	0.56	1.03	1.32	1.43	0.57				
	Total import from IRAN	**331.48**	**463.38**	**672.12**	**625.15**	**441.83**	**39.79**	**45.05**	**-6.99**	**-29.32**

NOTE : Figures relate to each Financial Year (April to March)
SOURCE : DGCI&S, M/o C&I