



2025 MONTHLY PROGRAM UPDATE

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Date: 1/1/2025

Country/Region:
INDIA

Market Intelligence

India's economic condition in December 2024 reflects a dynamic blend of recovery and ongoing challenges. The Reserve Bank of India (RBI) noted a rebound in economic momentum after the slowdown observed in the second quarter, where GDP growth had dipped to 5.4%, its lowest in nearly two years. The recovery, evident in the third quarter, was fueled by robust rural demand, buoyant festival-related consumption, and continued government infrastructure spending.

India is set to introduce tariff reductions on select U.S. goods, including pork, medical devices, and motorcycles, as part of its efforts to negotiate a comprehensive trade agreement with the incoming Trump administration. In an effort to address trade imbalances, India has also proposed increasing imports of U.S. liquefied natural gas (LNG) and defense equipment. Additionally, Indian officials view the ongoing U.S.-China trade tensions as an opportunity to position India as a competitive alternative for manufacturing, leveraging the shifting global supply chain dynamics.

Rural demand has been a standout driver of economic growth, supported by record foodgrain production and brisk rabi sowing. These factors, combined with festival-driven consumption, have significantly boosted private domestic consumption. High-frequency indicators also suggest a resurgence across key sectors, with rural areas playing a pivotal role in revitalizing the economy. Additionally, the government's focus on infrastructure development has created jobs and spurred economic activity, helping counteract inflationary pressures.

Inflation remains a pressing concern, with retail inflation exceeding the RBI's 4% medium-term target in November. This has eroded purchasing power, weakened consumer sentiment, and led to subdued corporate investment. High input costs have compelled businesses to focus on capacity utilization rather than new investments, further constraining growth. Additionally, slower corporate wage growth has dampened consumer demand, exacerbating challenges.

The winter holiday season has also witnessed sharp increases in airfares and hotel prices, reflecting heightened demand and limited supply. Airfares on domestic Tier-II routes have risen by 12-15% year-on-year, with certain leisure destinations experiencing surges of up to 35%. Simultaneously, hotel prices have climbed sharply, particularly in premium and luxury segments, where rates have increased by 20-25%. Despite these rising costs, high occupancy rates indicate



strong demand for holiday travel. Interestingly, Tier-I city airfares have decreased by 15%, as airlines balance pricing strategies by offering discounts on popular routes.

International travel is thriving, with outbound demand to destinations like the US, Canada, Europe, and Australia rising significantly. Data shows a 50% year-on-year increase in business-class bookings, reflecting a surge in high-end travel. The overall increase in international flyers underscores India's growing connectivity and the willingness of consumers to spend despite economic challenges.

Looking ahead, the RBI projects GDP growth to strengthen, with estimates of 6.8% for Q3 and 7.2% for Q4 of FY25. The forecast for FY26 stands at 6.7%, underpinned by rural consumption and infrastructure investments. The RBI also emphasized sustainability, highlighting initiatives in renewable energy, green hydrogen, and carbon markets as critical to aligning growth with environmental objectives.

While global uncertainties and inflation pose risks, India's resilience, supported by strategic policy measures and robust rural demand, offers a foundation for sustained recovery and growth in the coming year. Balancing price stability with growth will remain critical as the economy navigates these evolving dynamics.

The nuts and dry fruit industry is experiencing dynamic shifts due to global trends, local consumption patterns, and economic pressures. Chile's walnut exports have taken a significant hit, with inshell shipments plummeting by 38% and shelled walnuts experiencing a more modest decline. Concurrently, Chinese walnuts are entering the Indian market through Nepalese border towns like Banbasa and parts of Uttarakhand. Despite their affordability, Chinese walnuts face criticism from traders and consumers for lacking quality and nutritional value.

In contrast, India's dry fruit market is witnessing robust growth. Winter consumption has driven up prices of nuts and dried fruits by 15-20%, yet demand remains strong. Traditional winter delicacies, combined with the health benefits and warmth generated by dry fruits, are fueling this surge. The festive and wedding seasons have further amplified demand. From November 12 to December 16, approximately 4.8 million weddings occurred in India, which led to the consumption of an estimated 15,000 to 20,000 metric tonnes of dry fruits.

India's retail market for dry fruits has grown to \$6 billion this year, nearly doubling in recent years, with forecasts suggesting it could double again in six years.

Despite higher prices, consumer demand remains resilient, supported by occasions like Diwali and an increasing preference for health-conscious and indulgent packaged snacks. Projections estimate the packaged snack market will hit one trillion Indian rupees by 2025.

Global production issues and climatic disruptions have caused price hikes in cashews, walnuts, black raisins, and figs. However, the industry remains optimistic about price stabilization with fresh crop arrivals. Meanwhile, India's annual consumption is set to grow by 80,000 to 100,000 tonnes across all dry fruit segments, reflecting the country's evolving dietary preferences and



economic resilience. For December the shipments of inshell walnuts increased by 155.8% while those of shelled walnuts rose by 100%.

Since the 2016/17 season, the United States has emerged as the world's leading producer of pistachios, driven by a steadily expanding bearing acreage, according to USDA data. U.S. pistachio production increased from 128,400 metric tons (approximately 283 million pounds), representing 32% of global output in 2005/06, to around 667,100 metric tons (roughly 1.5 billion pounds), accounting for 63% of global production in 2023/24. Regarding pistachio imports, the primary destinations for international shipments include China, the European Union, Turkey, and India. In India, which consumes 4% of the world's pistachios, demand has grown at a compound annual growth rate (CAGR) of 11% over the past decade.

The berry market has experienced significant growth in recent years and is projected to continue expanding. From an estimated value of \$25.61 billion in 2024, the market is expected to reach \$26.91 billion in 2025, reflecting a compound annual growth rate (CAGR) of 5.1%. This growth is driven by factors such as increasing consumer awareness of health benefits, rising demand for superfoods, year-round availability of fresh berries through enhanced supply chains, advancements in cultivation techniques, expansion of berry farming into new regions, greater consumption of organic products, and a rise in the popularity of functional foods and beverages featuring berries.

