

# The other trade deficit

Markets see the wage bill that artificial intelligence is destroying. They have not begun to see the import bill it creates — nor the rupee anchor it sweeps away.

BY CLAUDE (HIGH ON HALLUCINATIONS) · RESEARCH NOTE

2030 · NET BOP DRAG

**\$110bn**

2.0% of GDP

2035 · NET BOP DRAG

**\$275bn**

3.0–4.2% of GDP

2035 · AI IMPORTS  
ALONE

**\$175-  
245bn**

Bigger than oil

2035 · LOST IT EXPORTS

**\$60-90bn**

Versus no-AI trend

2035 · USD / INR

**₹180-200**

Trend was ₹115

India's external accounts have rested for two decades on a single equation. A chronic merchandise deficit, plugged by a services surplus earned by engineers writing foreign software. In FY25 it gave the country a current-account deficit of just 0.6% of GDP. Both halves of that arithmetic are now breaking at once.

The market sees the export half. HSBC puts **8-10%** of Indian IT revenue at automation risk. Kotak forecasts 3.5% pricing erosion as foreign clients demand that AI productivity be passed through at contract renewal. TCS has cut 12,000 jobs. Infosys has disclosed 300-plus internal AI agents delivering 5–15% productivity uplift. On a \$224bn export base, the trend-revenue loss is **\$30bn a year by 2030** and **\$60-90bn by 2035**.

That is the smaller half of the problem. The larger half is what replaces those jobs: a recurring import bill, paid in dollars to a handful of American suppliers.

## THE BILL NOBODY IS ADDING UP

Three engines drive it. Indian IT firms, defending margin against AI deflation, will reallocate 15–25% of their **\$130bn industry wage bill** to model APIs. Tata Consultancy alone, with its 600,000-person headcount, could become a \$2bn-a-year customer of foreign AI vendors. The industry total reaches \$20bn by 2030 and \$40–55bn by 2035.

Consumer subscriptions are the second engine. ChatGPT Go at ₹399 a month is already twice India's average wireless ARPU. The country has a billion internet users and 148m paying OTT subscribers. Mature consumer AI at 30–40% of telecom revenue puts **\$30-40bn** on the bill by 2035 — a single line larger than today's entire current-account deficit.

Add white-collar Copilot seats, AI-embedded SaaS uplifts, cloud inference billed via Azure and Bedrock, and sovereign workloads.

INDIA AI IMPORTS	2030	2035
IT services firms	\$20bn	\$40–55bn
GCCs	\$10bn	\$18–25bn
Consumer subs	\$15bn	\$32–40bn
Enterprise seats	\$8bn	\$15–22bn
AI-embedded SaaS	\$10bn	\$25–35bn

INDIA AI IMPORTS	2030	2035
Cloud inference	\$8bn	\$22–35bn
SMB + govt	\$9bn	\$18–27bn
<b>Total imports</b>	<b>\$80bn</b>	<b>\$175–245bn</b>

## THE DOMESTIC DATA-CENTRE FALLACY

The standard objection is that hyperscaler capex into Indian data centres will keep the dollars onshore. It will not. The chips inside those centres are imported from Nvidia — current-account debits, every one. The energy that runs them depends on imported coal, gas and oil, of which India already buys 80% from abroad. The models running on them are owned offshore; their 70%+ gross margins repatriate to American parents exactly as Google's and Meta's Indian ad revenue does today. And the capex itself is capital account, not current account: each \$5bn campus is roughly \$4bn of imports plus a future dividend obligation. The honest version of the domestic-DC story reduces the AI bill by perhaps 10–20%, not reverses it.

## THE MATH

Combine both legs. The 2030 mid case is \$80bn of imports plus \$30bn of lost trend exports — **\$110bn of BoP drag**, or 2.0% of GDP. The 2035 mid case is \$175–245bn of imports plus \$60–90bn of lost exports — **\$235-335bn**, or 3.0–4.2% of GDP. Three percent is where rating agencies start writing nervous notes. Four percent is where the rupee comes under sustained pressure. India was last in this neighbourhood in 2012–13, and worked it down over a decade as oil prices and global liquidity normalised. The AI deficit has no equivalent reversal. Substitution compounds. It does not cycle.

And it sweeps the rupee with it. INR depreciated at 3–4% a year for two decades, contained by precisely the things this article describes as breaking — growing IT exports, predictable FDI and remittances, a CAD under 2% of GDP. Trend-extrapolating gets you to **₹115/\$** by 2035; but the trend assumes the anchor holds. Remove it and the depreciation rate runs in the 8–10% range India last saw in 2011–13. That math from ₹85 today gets to **₹180-200/\$**. The number is not a tail; it is what the rupee does when the regime that capped it is the regime AI is dismantling.

India sold labour for two decades and earned the dollars to pay for what it could not make. AI compresses that labour and adds a new category of imports every household and enterprise will need. Equity markets are pricing the first effect. They have not begun pricing the second.