

A Study on Import Export Trade of India

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ABSTRACT

Observing the evolving nature of India's imports and exports can help investors understand country's trade patterns and identify opportunities in the domestic market. Right now, Briefing analyzes India's latest export and import trends. In the monetary year (FY)2018-19, India's absolute merchandise exports registered a 9.06 percent development to hit a new high of US\$330 billion, outperforming the earlier peak of US\$314 billion clocked in 2013-14 FY. India's all out imports grew at an a lot higher rate at 10.41 percent, adding up to US\$514 billion.

Observing the evolving nature of India's imports and exports can help investors understand country's trade patterns and identify opportunities in

the domestic market. Below, India Briefing analyzes India's export and import trends in FY2018-19. The current study highlights the import export trade of India.

KEYWORDS:

Import, Export, Trade

INTRODUCTION

The data from the Export Import (EXIM) Bank of India features that the exports to North American and European countries have increased. In spite of the fact that most of India's exports continue to go to Asian countries, it has declined over the most recent five years. Asia's share in India's overall exports fell from 48.52 percent in 2014-15 to 47.62 percent in FY2018-19. While North America's share increased from 18.16 percent to 19.49 percent, and Europe's from 15.31 percent to 17.9 in the same period.

Inside Asia, India exported less to West Asia in 2018-19, as compared to 2015-14; the region's share in India's exports declined from 19.48 percent in 2014-15 to 15.9 percent in 2018-19. However, the share of exports to ASEAN, South Asia, and North East Asia increased during the same period.

India's key exports in FY2018-19 were petroleum items, followed by pearls, precious, semiprecious stones, sedate plans and biologicals, gold and other precious metal jewelry, iron and steel, just as natural chemicals. Together, these main ten commodities accounted for around 46 percent of India's all out export.

Pharmaceutical items, automobile, transport equipment, machinery, and readymade garments are additionally significant exports for India.

The rising demand for electrical and electronic equipment – just as that of mineral fuels, and mineral oils and items in India's domestic assembling market – has increased the share of India's overall imports from Asia, especially from China, Hong Kong, and ASEAN economies.

In FY2018-19, India imported 59.3 percent of its complete imports from Asian trade partners – this marked an increase of 2.86 percent since FY2014-15. Another 15.8 percent of imports came from Europe and 8.2 percent from exporters in Africa. North America and Latin America supplied 8.1 percent and 4.2 percent of imports to India, respectively.

The country-wise data shows that China's share of India's imports grew from 11.6 per cent in FY2013-14 to 13.7 percent in FY2018-19, while the

share of imports from the US grew from 4.9 percent to 6.9 percent in the same period.

India's key imports in FY2018-19 were crude oil, followed by gems and jewelry, electronic goods and machinery, and gold and silver adding up to US\$65 billion.

The integration of the domestic economy through the twin channels of trade and capital streams has accelerated in the previous two decades which thusly led to the India's Gross domestic product reaching Rs 167.73 trillion (US\$ 2.30 trillion) in 2017-18*. Simultaneously, the per capita income likewise nearly trebled during these years. India's trade and external sector significantly affected the Gross domestic product development just as expansion in per capita income.

IMPORT EXPORT TRADE OF INDIA

Temporary estimates of India's Gross domestic product during the 2018-19 remained at Rs 190.10 trillion (US\$ 2.72 trillion). As per the estimates of Total national output (Gross domestic product) for the primary quarter (Q1) of 2019-20, the development of real Gross domestic product for Q1 of 2019-20 is estimated at 5 percent.

All out exports from India (Merchandise and Services) registered a development of 1.60 per cent year-on-year during April-November 2019 to US\$ 353.96 billion, while absolute imports estimated to be US\$ 408.02 billion, exhibiting a negative development of 5.30 per cent as per data from the Service of Commerce and Industry. All out exports from India (Merchandise and Services) registered a development of 1.60 per cent year-on-year during April-November 2019 to US\$ 353.96 billion, while all out imports estimated to be US\$ 408.02 billion, exhibiting a negative development of 5.30 per cent as per data from the Service of Commerce and Industry.

The merchandise export remained at Rs 14,89,793.87 crore (US\$ 211.93 billion) during April-November 2019 and imports reaching Rs 22,39,900.18 crore (US\$ 318.78 billion) for the same period.

The estimated value of services export for April-October 2019 remained at US\$ 142.02 billion and import is US\$ 89.24 billion.

Along these lines, the overall trade deficit for April-November 2019 is estimated at US\$ 54.06 billion.

External Sector

- In December 2019, cabinet approved Memorandum of Understanding between Central Electricity Authority, India and Japan

Coal Energy Center, on Japan-India cooperation for Efficiency and Environmental Improvement for Sustainable, Stable and Low-Carbon supply of Electricity.

- The Memorandum of Cooperation (MoC) between Government of India and Government of Japan so as to constitute the 'India-Japan Steel Discourse' to strengthen cooperation in steel sector got endorsement from cabinet in December 2019.
- In November 2019, All India Institute of Ayurveda (AIIA) signed a Memorandum of Understanding (MoU) with Western Sydney University, Australia at New Delhi.
- In November 2019, the Memorandum of Understanding (MoU) signed between India and Finland approved by Cabinet so as to strengthen the cooperation in the field of The travel industry.
- In September 2019, four Memorandum of Understanding (MoUs) were signed between India and Mongolia concentrating on social exchange convention, disaster management, space exploration and in field of creature health and dairy.
- In September 2019, Liquefied Natural Gas (LNG) importer Petronet entered into agreement with US LNG developer Tellurian Inc. what's more, invest US\$ 2.5 billion.

- In August 2019, four Memorandum of Understanding (MoUs) were signed between India and France concentrating on ability development and professional preparing, renewable energy, IT services and space research.
- In June 2019, India and Kyrgyzstan signed 15 agreements in primary areas, including defense, trade and investment and health.
- In April 2019, India signed a memorandum of understanding (MoU) with the National Bank for Agriculture and Country Development Consultancy Service (NABCONS) for establishing the India-Africa Institute of Agriculture and Rustic Development (IAIARD) in Malawi, South Africa.
- In December 2018, India and the UAE signed currency swap agreement to support trade and investment ties between the two countries.

DISCUSSION

The country has a net export surplus of \$5.1 billion, which has risen by 243% in the last five years. Most Indian diamond mines were depleted several decades ago and the country is no longer considered a source for rough diamonds. However, it does still have one state-owned mine in Madhya Pradesh and DeBeers is currently prospecting in five different

regions.

India is the fourth-largest exporter with a 5.3% share of a global export market that is worth \$504 billion annually. The surplus value of India's refined petroleum is \$23.3 billion after deducting the value of its refined petroleum imports against the export total. This figure has fallen by 51.1% in the last five years.

India leads the way when it comes to rice exports and has 26.7% of the annual global total, with closest rival Thailand having 21.9% and the other main exporters all enjoying a single-digit share of the market.

India's rice production has increased three-fold over the last 50 years, although climatic conditions have been known to affect yields. Iran recently lifted the ban on the import of basmati rice from India and this could be a significant development as Iran is the world's largest importer of aromatic rice.

Major export markets for Indian aluminum are the United States (22%) and the United Arab Emirates (12%). India's aluminum production is predicted to grow at an annual compound rate of 3.5% over the next few years. This is mainly in response to rising domestic demand.

India is the third-largest sugar exporter and has a market share of 5.9% of the \$25 billion annual market, although, Brazil is the largest exporter by some margin, with 42.4% of the market. The states of Uttar Pradesh

and Maharashtra are responsible for more than 70% of the country's sugar production.

Foreign Trade Policy

- In the Mid-Term Review of the Foreign Trade Policy (FTP) 2015-20 the Ministry of Commerce and Industry has enhanced the scope of Merchandise Exports from India Scheme (MEIS) and Service Exports from India Scheme (SEIS), increased MEIS incentive raised for ready-made garments and made-ups by 2 per cent, raised SEIS incentive by 2 per cent and increased the validity of Duty Credit Scrips from 18 months to 24 months.
- In August 2019, Ministry of Commerce plans to introduce new foreign trade policy aimed at providing incentives and guidelines for increasing export in next five financial years 2020-25.
- As of December 2018, Government of India is planning to set up trade promotion bodies in 15 countries to boost exports from Small and Medium Enterprises (SME) in India.
- In September 2018, Government of India increased the duty incentives for 28 milk items under the Merchandise Export from India Scheme (MEIS).
- All export and import-related activities are governed by the Foreign Trade Policy (FTP), which is aimed at enhancing the country's exports

and use trade expansion as an effective instrument of economic growth and employment generation.

- The Department of Commerce has announced increased support for export of various products and included some additional items under the Merchandise Exports from India Scheme (MEIS) in order to help exporters to overcome the challenges faced by them.
- The Central Board of Excise and Customs (CBEC) has developed an 'integrated declaration' process leading to the creation of a single window which will provide the importers and exporters a single point interface for customs clearance of import and export goods.
- As part of the FTP strategy of market expansion, India has signed a Comprehensive Economic Partnership Agreement with South Korea which will provide enhanced market access to Indian exports. These trade agreements are in line with India's Look East Policy. To upgrade export sector infrastructure, 'Towns of Export Excellence' and units located therein will be granted additional focused support and incentives.
- RBI has simplified the rules for credit to exporters, through which they can now get long-term advance from banks for up to 10 years to service their contracts. This measure will help exporters get into long-term contracts while aiding the overall export performance.

- The Government of India is expected to announce an interest subsidy scheme for exporters in order to boost exports and explore new markets.

CONCLUSION

The country that is one of the so-called BRIC economies is recognized as being one of the major emerging national economies and it is currently the 18th largest export economy in the world.

The growth has helped create a negative trade balance that has widened steadily in the last fifteen years, moving from a positive trade balance of \$340 million at the beginning of that period to a negative trade balance of \$88.1 billion in net imports. GDP per capita for India is \$6,570, ranking it at 72nd out of 89 countries.

India's top export destinations are the United States (\$42 billion), The United Arab Emirates (\$30 billion), Hong Kong (\$13.2 billion) and China (\$8.92 billion).

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