

India's International Trade under the Purview of Brexit

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ABSTRACT

India is one among the fastest growing economies in the world. Under Prime Minister Narendra Modi, several plans and policies are being formulated to improve the business scenario of the country. UK and India are now in an exciting stage. Bilateral trade agreements between both these countries are vibrant, but there are still untapped potential opportunities between both these countries. It is slated that India is going to be the world's third largest economy by 2030. This makes the world's second most populated country an extraordinary pleasing market. The opportunities for UK exporters are wide and great in numbers. Meantime the UK, is making strong post Brexit trade relations with countries outside of the European Union. The consequence of the referendum on Britain's membership of the European Union and the prospective departure of the Britain from the EU has generated serious uncertainty. There are a number of substantial challenges for the government to address. The vague around Brexit is not only a challenge for the Britain but also for trading partners in developing countries. The present study is being conducted about India's International Trade under the purview of Brexit. Secondary data has been employed for the conduct of the study. Secondary data has been taken from the various reports and publications of national organizations.

Keywords : Brexit, EU, Bilateral Trade Agreements

1. EXPERTS REVIEW

According to Former President of Naascom **R. Chandrashekar (2019)**, the extended uncertainty regarding the Brexit will create negative impact in the economy, flight of capital from the Britain that would be negatively impacting the Indian IT industry.

Arun Jaitley (2016) argues that there won't be any significant impact of Brexit vote on India, as the macroeconomic fundamentals of the economy are strong in terms of foreign exchange reserves.

Former RBI Governor **Raghuram Rajan**, have put a word of alert. He opined Brexit able to be relatively damaging but India is competently ready to face any consequences.

According to Chief Economic Advisor **Arvind Subramanian**, when taking the data India appears to be safe haven for investors. With good reform amid sound prospects of monsoon, Indian economy may gain stability giving boost to real estate negating any Brexit impact.

British Trade Commissioner to South Asia **Crispon Simon (2019)** has said that bilateral trade between India and Britain has stood at US \$ 25 billion. He put forwards that balance of trade is in favour of Britain, so the new trade deal if Britain is outside the EU will have only a positive impact.

2. REVIEW OF LITERATURE

Sharma and Kotkar (2016) study has been conducted to perceive concept of Brexit and its impact on Indian Economy. As brexit will provide new opportunities like generation of employment, newer customer, technology transfer and trade contracts.

Ghosh and Ghosh (2017) study titled Future of Indian Markets: Post Brexit analyses the Brexit impact that is soon to happen in likely future. The study put forwards that if UK leaves EU it will aid India to strengthen its connection with Britain, since India's attention on innovation and entrepreneurship still makes appealing place for outsourcing and investment.

Shollapur and Patted (2017) examined the pros and cons of Brexit and India's preparedness in handling the Brexit. UK's decision to exit the EU has increased substantial stress and unsteady movement in the markets and thereby casting a shadow over the global economy. Thus there is a fear of global recession led by the UK.

Acharyya and Mukherjee (2017) put forwards that India may be preferred destination for British goods and investment, in specific sectors like Information Technology, ITeS and health services. Access to UK market in return, will give India opportunities for their goods, and for sectors particularly such as agriculture, footwear, textiles and ITeS.

Roy and Mathur (2016) has found that Free Trade Agreement between India and European Union loses its importance both for India and the European Union when the UK exists the European Union.

3. OBJECTIVE

1. To understand the concept of Brexit and its importance
2. To study India's International Trade under the purview of Brexit.

4. CONCEPTUAL FRAMEWORK OF BREXIT

The EU is an economic and political partnership. It began as a trade group of 5 nations in the 1950's. From 1973 onwards United Kingdom has been a member of European Union. If UK leaves the European Union, then possibly it will be the initial state to leave from the European Union.

Brexit refers to Britain's exit from the European Union. Britain voted in a referendum in favour to exit from the European Union On June 23, 2016. Deal was announced by David Cameron on the date after he was successful in securing a deal with other European leaders at a crucial meeting in February. The chance of exit of UK from the European Union has existed under Article 50 of the Treaty on European Union of EU member states since 2007.

Referendum-A vote in which everyone who has attained the age for voting can participate was held. Leave won by 52 per cent to 48 per cent. The referendum audience was very high at 72%, with more than 30 million people voting - 17.4 million people opting for Brexit.

5. ANALYSIS AND INTERPRETATION

UK EXPORT IMPORT TO INDIA (Value in US \$ Millions)

YEAR	INDIA'S EXPORT TO UK	INDIA'S IMPORT FROM UK	INDIA'S TOTAL TRADE WITH UK	TRADE BALANCE	SHARE OF UK TRADE IN INDIA'S TOTAL TRADE
2013-14	9779.07	6045.10	15824.17	3733.97	2.07
2014-15	9319.73	5018.28	14338.01	4301.45	1.89
2015-16	8828.48	5192.54	14021.02	3635.95	2.18
2016-17	8530.07	3664.96	12,195.03	4,865.11	1.85
2017-18	9,691.07	4,806.75	14,497.82	4,884.32	1.89
2018-19	9,309.29	7,561.93	16,871.22	1,747.35	2.00

Source : Ministry of Commerce and Industry, Government of India

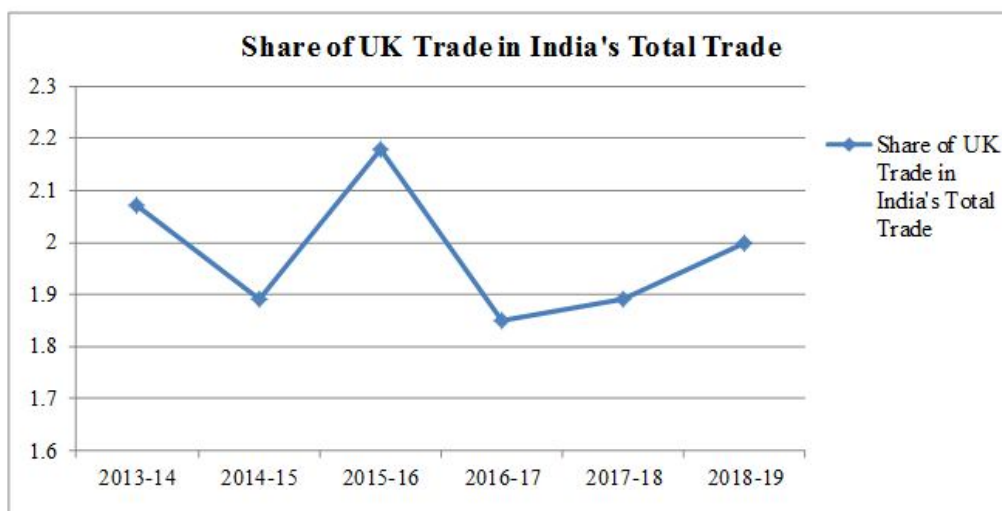
TABLE NO 1

Table No.1 depicts the clear picture of international trade relation of India with UK. There is a hike in total imports from UK in 2018-2019. But exports declined during 2015-2016 and by 201-2018 there is an increasing tendency of export trade with UK.

The export and import operation between UK and India is maintaining the normal level of trade balance with proper and standard level of share of level with UK's trade with India.

So even if there is uncertainty in predicting the trade relation of India with UK, the share of India's total trade reveals that post brexit may be favourable for India and definitely provided with an opportunity to generate export.

SHARE OF UK TRADE IN INDIA'S TOTAL TRADE



This chart depicts the above table of share of UK export import to India.

FIG 1

FDI TO INDIA FROM UK YEAR WISE

YEAR	INFLOWS (US \$ MILLION)
2012-2013	1022
2013-2014	111
2014-2015	1891
2015-2016	842
2016-2017	1301
2017-2018	716
2018-2019 (P)	1211

Source: Reserve Bank of India

TABLE NO 2

Table No 2 depicts that during 2013, Foreign Direct Investment inflow from UK reduced to a greater extent. A wider fluctuation can be noticed from the year 2013-2018 .But during the last year, a positive move initiated and FDI level is blooming. India can expect more Foreign Direct Investment inflow in recent years because of Brexit movement.

6. CONCLUSION

Britain may be one of the world's largest economies, but with an economy totally depending on consumer growth, there is an urgent need to find other markets for its goods and services. And the issue of liberalizing Britain's strict and highly restrictive visa regime is not only the sticking point in its attempt to get India to open its markets.

There are some European countries like Norway and Switzerland that are doing remarkably well without being part of the EU, and some hard working economies like Finland which are on the edge of survival within in the EU.

The uncertainties' on what the future holds for Britain and the rest of Europe are making it hard for anyone to make any commitment. And given that nothing can happen till Britain formally exists with the European Union, hence India is under no pressure to decide.

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