



A STUDY ON THE PERFORMANCE OF INDIA'S FOREIGN TRADE

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Abstract

International trade has played a significant role in raising living standards throughout the world and it has grown significantly through time. For a very long period, India was a protectionist state, but it has gradually opened up to foreign trade. Presently, 45.3% of the nation's GDP comes from commerce. The focus of the present study is to study the India's foreign trade (import, export and balance of payment). To achieve the objective, data is secondary data collected from the period 2015-2016 to 2021-2022. From the analysis, it is found the nation imports more petroleum oils (18.7%), gold (9.8%), diamonds (4.6%), coal and other comparable solid fuels (4.5%), and other gaseous hydrocarbons (4.2%), and exports primarily petroleum oils (13.7%), diamonds (6.3%), medicines (4.3%), jewellery items (2.7%), and rice (2.4%). It also exports the following commodities: rice (2.4%) and articles of jewellery (2.7%). Apart from this, it is also found that the nation's trade balance is continuously negative.

Keywords: Foreign Trade, Import, India, Export, Balance of Payment.

Introduction

The expansion of services in international markets has been aided by globalisation. The maritime trade, variety in exports, state dealing, shift in imports, and unfavourable or negative trade are the noteworthy aspects of foreign trade in India. For example, entrepot trade, import trade, and export trade are the three primary categories of overseas trade. India's foreign trade is crucial to the expansion of the agricultural industry. India successfully sells vegetables, fruits, cotton, and grains to other nations each year, and this trade in goods helps farmers succeed. Foreign commerce has many benefits, including increased manufacturing efficiency, more jobs, fewer trade swings, more revenues, and longer product life spans. Every country's economy depends heavily on foreign trade, which also significantly raises a nation's GDP. Both the expansion of goods and services in foreign markets as well as an increase in revenue are aided by international trade. It promotes product innovation and the efficient accessibility of goods and services. India's farmers are encouraged to flourish through foreign commerce, which also promotes economic growth. It has contributed to



lowering India's unemployment rate and raising the GDP there. The growth of export and import into other nations is a priority for the Indian government. United Arab Emirates, Hong Kong, China, Bangladesh, and Singapore are India's top export partners. Iraq, the United Arab Emirates, Saudi Arabia, the United States, and China are among India's top import partners. Foreign commerce has now become a crucial component of the government's policies in the current situation. Taxes and fees associated with imports and exports aid in the growth of revenue.

Review of Literature

Mishra (2021) showed that more than 40% of India's global exports went to the United States, United Arab Emirates, Hong Kong, United Kingdom, Germany, Saudi Arabia, and China. India's overall exports, which totaled US\$330078.1 million in the previous fiscal year, fell to US\$313138.5 million in the following one. India's overall exports fell by 5.13% over the years 2018-19 and 2019-20. India's proportion in global exports to the USA in 2019–20 is 16.95%, followed by the UAE (9.21%), China (5.30%), Hong Kong (3.50%), the UK (2.79%), Germany (2.64%), and Saudi Arabia (1.9%). India's total imports in 2019–20 totaled US\$473995.2 million, with China accounting for 37.76% of that amount, the USA for 7.52%, Saudi Arabia for 3.60%, Hong Kong for 3.5%, the UAE for 3.38%, and Germany for 2.81%. The findings indicate that the United States is the world's most significant trading partner, followed by the United Arab Emirates, the United Kingdom, Hong Kong, China, and other nations.

Govindan (2020) came to the conclusion that Maharashtra, Gujarat, and Tamil Nadu held the top three positions in terms of the export profile of India, respectively. India's exports by destination showed that the United States, the United Arab Emirates, and China were in that order, with China taking third place. India's imports by destination showed that China, the United States, and the United Arab Emirates took the top three spots, respectively. Top 10 locations to read Volume 20-2 of Applied Econometrics and International Development (2020) 170 During the years 2016–17 (50.83%), 2017–18 (50.78%), and 2018–19 (50.78%), India's total exports were guaranteed. In the years 2016–17, 2017–18, and 2018–19, the top 10 destinations for India's total imports were secured by (50.82%), (50.32%), and (52.86%).

Gopalakrishnan and Mahalakshmi's (2018) research indicated that even though total exports and imports have both increased, but import growth is outpacing export growth. Also, it has been



discovered that manufactured items make up the majority of exports while petroleum and other raw materials make up the majority of imports. The study also shows that while export and economic openness are positively associated with India's economic growth, import has a negative impact on it.

Prasad and Prasad (2018) looked into how foreign commerce affects the country's economic growth. The impact of trade on the economy before and after liberalisation has been examined using the macroeconomic variable, GDP. According to this study, foreign trade increased consistently in the country both before and after liberalisation, although post-liberalization trade increased more than pre-liberalization trade. The growth rate of imports throughout the study period was higher than the growth rate of exports. As a result, the BoP of the nation was in deficit. Annual growth in commerce and GDP has been observed. Over the study period, a tendency that is both good and growing has been seen. The study also revealed that imports of capital goods and technical know-how, which are necessary for industrialization, have grown rapidly, as have imports of petroleum products, which are increasingly needed for both industrial and domestic consumption. With this, the nation's economy saw significant expansion. Even if imports have a negative effect on economic growth, the total volume of trade showed that India's economic progress was boosted by economic openness.

Marisetty and Babu (2017) concluded that India's foreign commerce is primarily dominated by products relating to gold, engineering, and petroleum. Moreover, imports are higher than exports, but the balance between the two has decreased. Certain Asian nations, some European nations, and the USA are essential to India's trade. China's commerce with India has increased in recent years, although exports to China have decreased significantly. While both the trade deficit and the current account deficit have decreased recently, they are still both negative. According to the study's findings, India's foreign commerce is increasing and its current account deficit is decreasing, which are positive indications for the country's economy.

Objective of the Study

1. To study the Import performance of India.
2. To study the Export performance of India.
3. To study the Trade Balance of India.



Data Collection

To achieve the objectives, secondary data is collected from the period 2015-2016 to 2021-2022.

Data Analysis and Interpretation

Table 1: India's Export Performance (In Crores)

Year	Oil	% Growth in Oil	Non-Oil	% Growth in Non-Oil	Total	% Growth in Total
2015-2016	199638	0	1516747	0	1716384	0
2016-2017	211509	5.94	1637925	7.99	1849434	7.75
2017-2018	241435	14.15	1715080	4.71	1956515	5.80
2018-2019	325929	35.0	1981797	15.55	2307726	17.95
2019-2020	292340	-10.31	1927514	-2.74	2219854	-3.81
2020-2021	190896	-34.70	1968147	2.11	2159043	-2.74
2021-2022	503850	163.94	2643171	34.30	3147021	45.76
Total	1965597		13390381		15355977	

Data for 2020-21 are revised and for 2021-22 are provisional

Source: Directorate General of Commercial Intelligence and Statistics.

Table and graph 1 exhibit the India's export performance from the year 2015-2016 to 2021-2022. India's export includes oil and non-oil goods. The above graph shows the continuous growth in the oil export till 2018-2019 but due to COVID-19, it has decreased upto 10.31 percent and then 34.70 percent in the session 2019-20 and 2020-21 respectively. Same type of pattern is also witnessed in the export of non-oil goods and total export during the session 2019-20 and 2020-21. After that, there is the tremendous growth of 163.94 percent in the oil export; the highest growth of 34.30 percent in non-oil goods export and 45.76 percent growth are also witnessed in the session 2021-2022. The one of the reasons behind this is that the COVID-19 pandemic's significant waves of unmet demand as well as the expansionary monetary policy enacted by industrialised nations to deal with the pandemic's effects.

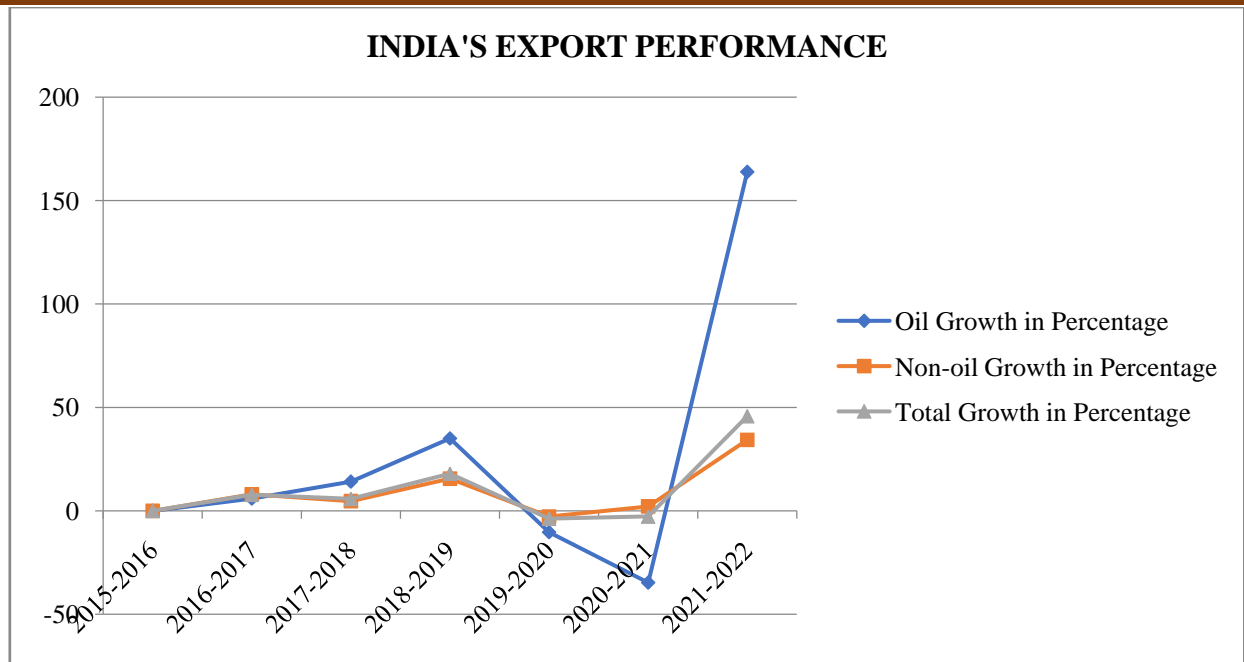


Figure 1: Growth Percentage of Export of India

Table 2: India's Import Performance

Year	Oil	% Growth in Oil	Non-Oil	% Growth in Non-Oil	Total	% Growth in Total
2015-2016	540505	0	1949801	0	2490306	0
2016-2017	583217	7.90	1994458	2.29	2577675	3.51
2017-2018	700321	20.08	2300713	15.36	3001033	16.42
2018-2019	986275	40.83	2608400	13.37	3594675	19.78
2019-2020	925168	-6.20	2435787	-6.62	3360954	-6.50
2020-2021	611353	-33.92	2304605	-5.39	2915958	-13.24
2021-2022	1207803	97.56	3364972	46.01	4572775	56.82
Total	5554642		16958736		22513376	

Data for 2020-21 are revised and for 2021-22 are provisional

Source: Directorate General of Commercial Intelligence and Statistics

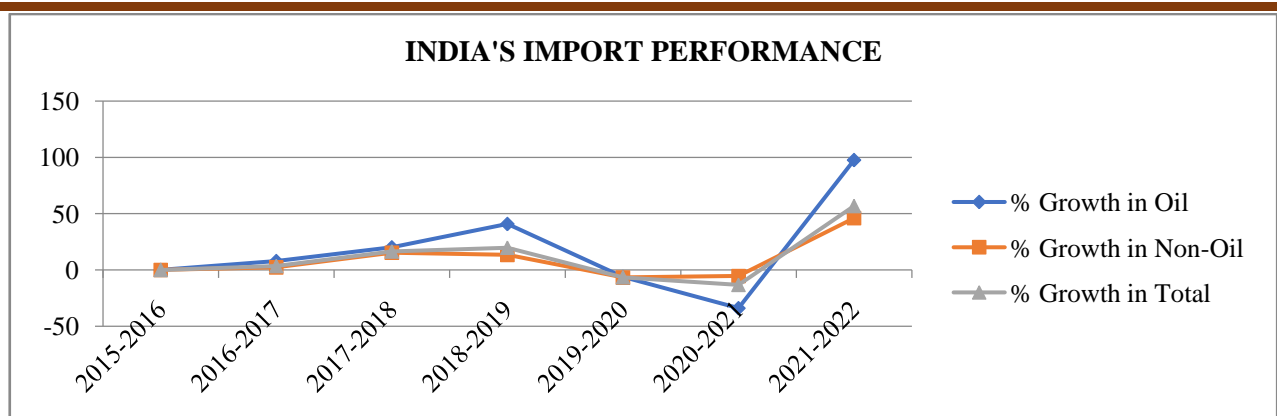


Figure 2: Growth Percentage of Import of India

Table and graph 2 exhibit the India's import performance from the year 2015-2016 to 2021-2022. India's export includes oil and non-oil goods. The above graph shows the continuous growth in the oil import till 2018-2019 but due to COVID-19, it has decreased upto 6.20 percent and then 33.92 percent in the session 2019-20 and 2020-21 respectively. Same type of pattern is also witnessed in the import of non-oil goods and total import during the session 2019-20 and 2020-21. After that, there is the highest growth of 97.56 percent in the oil import; the highest growth of 46.01 percent in non-oil goods import and 56.82 percent growth are also witnessed in the session 2021-2022. The reopen of the economy, business, and consumer activity following the pandemic is the cause of the rise in imports of commodities, both oil-related and otherwise. The value of India's imports has increased dramatically as a result of rising commodity prices also.

Table 3: Trade Balance of India

Year	Oil	% Growth in Oil	Non-Oil	% Growth in Non-Oil	Total	% Growth in Total
2015-2016	-340867	0	-433054	0	-773921	0
2016-2017	-371708	9.05	-356534	-17.67	-728242	-5.90
2017-2018	-458886	23.45	-585633	64.26	-1044519	43.43
2018-2019	-660346	43.90	-626602	6.99	-1286948	23.21
2019-2020	-632828	-4.17	-508273	-18.88	-1141100	-11.33
2020-2021	-420457	-33.56	-336458	-33.80	-756914	-33.67
2021-2022	-703953	67.43	-721800	114.53	-1425753	88.36
Total	-3589045		-3568354		-7157397	

Data for 2020-21 are revised and for 2021-22 are provisional

Source: Directorate General of Commercial Intelligence and Statistics

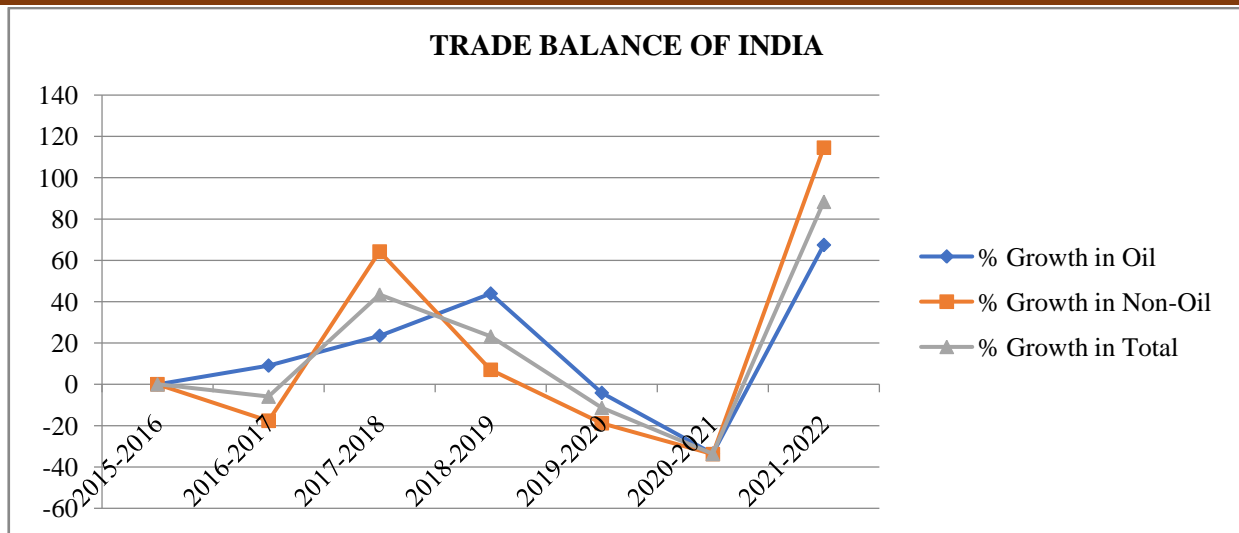


Figure 3: Growth Percentage of Trade Balance of India

Table and graph 3 exhibit the India’s trade balance performance from the year 2015-2016 to 2021-2022. Balance of Trade is the difference between the country’s export and import during a given time of period. The above table shows the negative values of trade balance in oil and non-oil goods. The highest growth value of oil goods is 67.43 percent and non-oil goods is 114.53 and the total growth percent is 88.36 percent in the year 2021-22.

Conclusion

Each nation's economy depends heavily on foreign trade. International commerce makes a significant contribution to a nation's GDP by assisting that nation in making the most of its natural resources and exporting its surplus products. A nation can industrialise itself by importing the required resources from more developed and industrialised countries, such as machinery and raw materials. Exports and imports have recently surged as a result of India's aggressive governmental initiatives and considerable infrastructural expenditure. A country's employment, output, pricing, industrialization, and economic progress can all be positively impacted by having effective control over its overseas commerce. At present, Indian government policies now heavily rely on foreign trade. Every government aspires to expand exports since doing so benefits both the government and the manufacturer. Excise duties, often known as import-export fees and taxes, provide revenue for the government and account for a sizable portion of total tax revenue.



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