

# An analysis of India's Exports and Imports - A Study

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## Abstract

This research paper explores the performance of India's exports and imports during a period of 14 years from 2003 to 2017. Average exports during the study period are Rs. 1060620 thousand crores and average growth for the period is 16%. During the entire study period, growth in exports has shown a volatile trend. , average imports during the study period are Rs. 157443 thousand crores and average growth for the period is 18%, which is higher than that of exports.

The study also analyses India's trade with top ten countries. China PRP has topped the list with highest trade value at Rs.3.58 lakh crores, followed by USA, UAE, Saudi Arabia and Switzerland.

India currently is enjoying a positive trade balance with only 11 countries out of top 30 trading partners. However from the year 2012-13 onwards, trade deficit has becoming narrow due to increased exports and promotion of import alternatives.

Key Words: Foreign trade, export, import, economic life, total trade, trade deficit, trade balance International trade

## Introduction

In today's world economic life has become more complex and diversified. No country can live in independent and claim to be self-sufficient. Even Countries with different culture, political social and economic structure have trade relations with each other. For example: Relations of United States of America along with USSR, China and Japan.

Transaction includes both financial transactions and capital movements among independent States. A Country cannot produce all the products required for consumption by itself. It depends the foreign business and involves in trade with people and firms of different countries. International Business may be defined as exchange of goods and services among independent countries.

International business is dealing with all economic on other countries for the products, which it cannot produce as per the total demand similarly, if a country has a comparative advantage in production of some products, it can export the surplus after catering to domestic needs. Hence countries are dependent on each other, and this dependency leads to International Business.

The foreign business consists of exports and imports. Each country posses certain special advantages for the production of certain commodities and it specializes in the production of those commodities for other requirements it has to import from other countries. For paying for its imports, it has to export its commodities and earn foreign exchange.

Thus foreign business has foundation on the concept of specialization and division of labour. Countries engage in international business for a variety of reasons. Exports are means to generate the foreign exchange.

## Review of Literature

**Harish. M, Dr. S Nataraja Iyer (2018)<sup>1</sup>** pointed out that Export plays a prominent role in the development and growth of any country. The study found that export of marine products from Indian is more to South East Asia then all the other markets. The study concludes that India has good prospects of becoming a dominant supplier of marine products in the International market.

**Tripti Gaga Bandyopadhyay (2017)<sup>2</sup>** observed that study would be helpful to determine the trends in the trade, and future research can be done to suggest the various changes which would help our country to grow its international trade.

**MohdAzam khan & Imran Ahmad (2017)<sup>3</sup>** investigate the trend and composition of India-China trade in global & bilateral markets. The study found the big gap between India's export and import with China has become a challenge. The findings exhibit Indian's continuous efforts to become visible in the world market especially in manufacturing the sector.

**Ahamed kabeer in (2016)<sup>4</sup>** explores Competitiveness of Spices and Cashew exports from India in the global market in the context of new economic scenario. Spices and Cashew industry has the potential to generate employment and foreign exchange of developing countries. It has found that as a result of competition from rivals India has eroded their competitive edge and the effects such as world trade effect, market distribution effect, and the competitiveness effect has shown favorable results with regard to spices and cashew.

The study concludes that India needs to make policies and programme to increase production, productivity and to improve production and infrastructural facilities.

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  - 2.) " , Interanational trade driven growth patterns in India Pakistan", and Sri Lanka (1985-2015): An empirical Study" pp33-44, Indian Journal of Finance, 2017.
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  - 4.) "Export competitiveness of selected Agriculture Products in India in the Global Market: CMC Analysis" Journal of International economics, pp 57-64 2016.

**Reshmi R. Prasad (2014)**<sup>5</sup> focuses on the analysis of India' foreign business for the past ten years (2003-2004 to 2012-13) to find out export import relations reflecting the bilateral business balances.

**Parvata Raj Prabhu (2013)**<sup>6</sup> pointed out the performance rendered by Exim Bank of India to attain economic developments to utilize resources and to finance for exports. The study concludes that improving the performance of export, the bank is better position to extend its services to all types of exporters effectively. The Exim Bank of India is regarded as the drivers behind global trade and corporate globalization.

**Sanjay Tiwari (2012)**<sup>7</sup> noted that India ranks 20<sup>th</sup> in merchandise export and 13<sup>th</sup> in merchandise import while it stands at 7<sup>th</sup> rank as far as commercial service export is concerned (World Trade Organization statistics, Oct,2011). The study found that in 2010 India's share of world total export is only 1.44 % while in import it is merely 2.12 %. The study concludes that to increase export provide its internal market with domestically produce manufactured goods that compete with imports, India must producing a much larger volume of products.

**Dr.Murali Darshan (2004)**<sup>8</sup> in his Ph.D.Thesis observed that service sector statistics are subject to many weaknesses as of 1990, exports of commercial services stood at \$ 1.26 trillion, over 20% of world export. It also helps the Ministry of Commerce Government of India in its policy formulate while planning for other services exports to the Industry and trade.

**S.M Gaikwad (2002)**<sup>9</sup> P.hD Thesis "Role of Exim Bank in Generating Foreign Exchange through Export Promotion" The study focuse on impact of foreign exchange in Indian economy and it also focuse on advantages and benefit in foreign exchange can be earned to finance imports. The study found that contribution of Exim Bank in generating foreign exchange through export promotion is ready to found positive by analyzing its performance during last ten years. The studies conclude that countries growth in the contribution of exports in India's foreign exchange.

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5.) "An Analysis of India's Foreign Trade" Journal of Accounting and Finace.Vol:28, Num: 1, 2014.

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## Research Gap

The review of literature reveals that so many studies were made on relating to this topic. But the present research study is different to earlier research as objectives of the present study entitled “An analysis of India’s Exports and Imports - A Study” make in depth analysis of exports and imports during 2003 to 2017. It also focus on the potential for economic growth through exports. It also helps on policy formulation on exports and imports.

## Objectives of the Study

The current study focuses on – The analysis of India’s foreign trade for the past fourteen years.

Objectives

1. To evaluate performance of India in exports and imports.
2. To analyse the Trade with Top 30 countries.

## Research Methodology

### i. Research Method

The present study is analytical in nature, which addresses itself to two objectives. Descriptive method is used to know the trends of International business trade analysis and analysis of exports and imports is attempted using documentary analysis.

### ii.Sources of data

The required data is collected through secondary source i.e. Directorate General of Commercial Intelligence and Statistics (DGCIS) and websites etc.,

### iii.Quantitative Techniques

Appropriate Statistical Techniques like Compound Annual Growth Rate (CAGR), Percentage, and Average, is used for the analysis of the data. Correlation is also used to Study the relationship of exports and imports.

### iv. Period of the study

The study covers exports and imports of India during 14 years i.e. from 2003-04 to 2016-17. It also covers the trade analysis with Top 30 countries.

## Analysis of Exports and Imports

An analysis is attempted to study the foreign trade over the study period i.e., from 2002-03 to 2016-17.

**Table 1**

**India's Exports & Imports from 2002-03 to 2016-17 (Rs.'000 Crores)**

Year	Exports	Imports	Growth in exports (%)	Growth in imports (%)
2002 -03	255137	297206	-	-
2003- 04	293367	359108	14.98	20.83
2004-05	375340	501065	27.94	39.53
2005-06	456418	660409	21.60	31.80
2006-07	571779	840506	25.28	27.27
2007-08	655864	1012312	14.71	20.44
2008-09	840755	1374436	28.19	35.77
2009-10	845534	1363736	0.57	-0.78
2010-11	1142922	1683467	35.17	23.45
2011-12	1465959	2345463	28.26	39.32
2012-13	1634318	2669162	11.48	13.80
2013-14	1905011	2715434	16.56	1.73
2014-15	1896445	2737087	-0.45	0.80
2015-16	1716378	2490298	-9.49	-9.02
2016-17	1854096	2566820	8.02	3.07
CAGR	0.1414	0.1546	-	-
AVERAGE	1060622	1574434	15.91643	17.7158032
Correlation between Exports and Imports		0.99		

**SOURCE: Directorate General of Commercial Intelligence and Statistics (DGCIS)**

Note: 1. The growth rate is calculated over previous year.

**EXPORTS:** During the study period, exports of the country have shown a continuous increase from Rs.255137 thousand crores to Rs.1854096 thousand crores and posted a CAGR of 0.1414 for the study period. Highest growth rate in exports has been recorded in the year 2010-11 at 35.17 and the lowest growth rate is in the year 2009-10 at 0.57, and for the two consecutive years i.e. 2015-16 and 2016-17, exports have shown negative growth rate at -0.45 and -9.49 respectively. Overall, average exports during the study period are Rs. 1060620 thousand crores and average growth for the period is 16%. During the entire study period, growth in exports has shown a volatile trend.

**IMPORTS:** Imports of the country, in relation to exports, have shown a higher growth rate with CAGR of 0.1546 and increased from Rs.297206 thousand crores to Rs.2566820 thousand crores. Highest growth rate in imports has been recorded in the year 2004-05 at 39.53 and the lowest growth rate is 0.80 in the year 2014-15. For the two years in the study period i.e. 2009-10 & 2015-16, imports have shown a negative growth rate of -0.78 and -8.29 respectively. Overall, average imports during the study period are Rs. 157443 thousand crores and average growth for the period is 18%, which is higher than that of exports. From the year 2003-04 to 2012-13, the growth rate in imports is more than the growth rate in exports and later showed a lesser growth rate than exports.

The correlation between exports and imports is calculated at 0.99 this shows positive relationship between exports and imports.

**Table 2**

**India's foreign trade and trade balance from 2002-03 to 2016-17 (Rs.'000 Crores)**

Year	Total Trade	Trade Balance	Total Trade % Growth	Trade Balance % Growth
2002 -03	552343	-42069	-	-
2003- 04	652475	-65741	18.13	56.27
2004-05	876405	-125725	34.32	91.24
2005-06	1116827	-203991	27.43	62.25
2006-07	1412285	-268727	26.46	31.73
2007-08	1668176	-356448	18.12	32.64
2008-09	2215191	-533681	32.79	49.72
2009-10	2209270	-518202	-0.27	-2.90
2010-11	2826389	-540545	27.93	4.31
2011-12	3811422	-879504	34.85	62.71
2012-13	4303480	-1034844	12.91	17.66
2013-14	4620445	-810423	7.37	-21.69
2014-15	4633532	-840642	0.28	3.73
2015-16	4206676	-773920	-9.21	-7.94
2016-17	4420916	-712724	5.09	-7.91
CAGR	0.1487	0.2076	-	-
AVERAGE	2635055	-513812.4	16.8716	26.5602
Correlation between total trade and trade balance - 0.95				

**SOURCE: Directorate General of Commercial Intelligence and Statistics (DGCIS)**

Note: 1. The growth rate is calculated over previous year.

**Total Trade:** Total trade of the country has shown a CAGR of 0.1487 during the study period and average of the same is Rs.2376780 crores. Highest growth rate was posted in the year 2011-12 at 34.85 and the lowest growth is for the year 2014-15 where it stood at 0.28 only.

**Trade Balance:** During the study period, India's foreign trade has always shown a negative trade balance (difference between exports and imports); highest growth in trade balance can be seen in the year 2003-04 where it was more or less double the previous year. Lowest growth rate in trade balance was observed in the year 2014-15. The correlation between total trade and balance trade is calculated at -0.95 this shows negative relationship between total trade and balance trade.

**Trade Analysis with top 30 countries:**

Data collected for the period from 2003-04 to 2016-17 contained top 25 countries in terms of India's foreign trade. However the list of top 25 countries varied during the study period.

**Table 3 India's total trade with top 30 countries from 2003-04 to 2016-17**  
(In rupees crores)

Rank	COUNTRY	TOTAL
1	CHINA P RP	3,585,604.81
2	U S A	3,372,299.54
3	U ARAB EMTS	3,236,604.63
4	SAUDI ARAB	1,821,796.11
5	SWITZERLAND	1,279,012.90
6	GERMANY	1,183,902.11
7	SINGAPORE	1,083,105.74
8	HONG KONG	1,081,945.94
9	INDONESIA	942,373.36
10	KOREA RP	922,872.85
11	JAPAN	877,424.91
12	U K	870,566.36
13	BELGIUM	859,875.51
14	AUSTRALIA	809,626.52
15	IRAQ	793,207.96
16	MALAYSIA	748,855.74
17	NIGERIA	725,672.90
18	SOUTH AFRICA	625,860.05
19	QATAR	497,358.44
20	KUWAIT	588,266.76
21	FRANCE	469,895.13
22	ITALY	438,288.71
23	NETHERLAND	396,714.98
24	VENEZUELA	236,857.55
25	THAILAND	154,122.07
26	VIETNAM SOC REP	119,125.67
27	RUSSIA	68,401.91
28	SRI LANKA DSR	26,528.19
29	SPAIN	17,640.68
30	TAIWAN	16,648.94

**SOURCE: Directorate General of Commercial Intelligence and Statistics (DGCIS)**

Therefore the list of top 25 countries for 15 years has been compiled and in total a list of top 30 countries has been obtained. Afterwards the data relating to 30 countries have been arranged and ranked based on total trade, trade balance, exports and imports. Thus, overall four different sets of data have been prepared based on India's trade with top 30 countries and trade balance & trade in terms of exports and imports.

**Total Trade:** From the data relating to study period, it can be observed that China PRP has topped the list with highest trade value at Rs.3.58 lakh crores, followed by USA, UAE, Saudi Arabia and Switzerland with 3.37, 3.23, 1.82 and 1.27 lakh crores respectively. Vietnam, Russia, Sri Lanka, Spain and Taiwan are the least 5 countries in India's foreign trade during the study period. Combined trade of top 10 countries is double the combined trade of the remaining 20 countries.

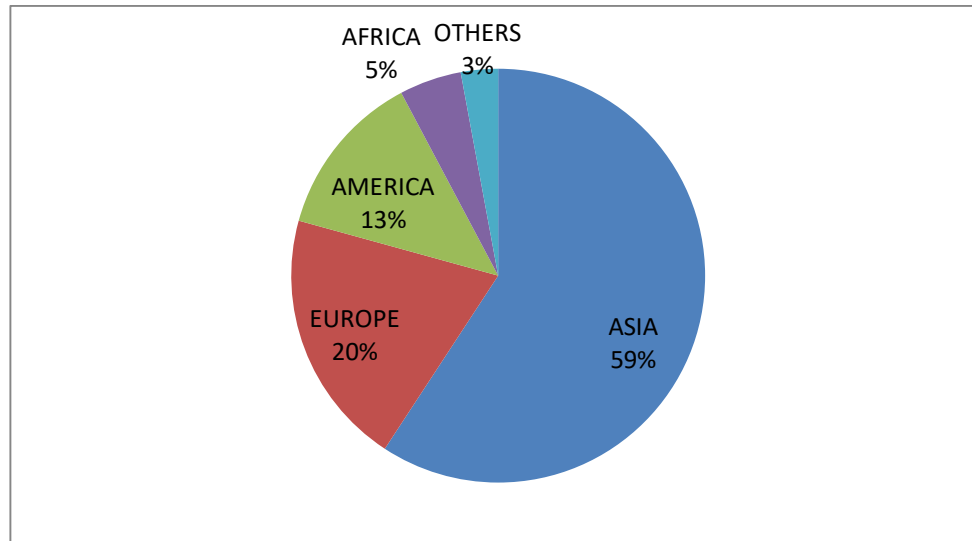
**Table 4 India's trade balance with top 30 countries from 2003-04 to 2016-17****(In rupees crores)**

Rank	COUNTRY	TOTAL
1	U S A	768470.51
2	U ARAB EMTS	269838.26
3	HONG KONG	268500.59
4	VENEZUELA	236857.55
5	NETHERLAND	206039.3
6	SINGAPORE	179182.76
7	U K	164180.49
8	VIETNAM SOC REP	41072.51
9	ITALY	23932.29
10	SRI LANKA DSR	16222.75
11	SPAIN	9062.26
12	TAIWAN	-2678.99
13	FRANCE	-27888.54
14	RUSSIA	-31590.34
15	THAILAND	-33160.83
16	SOUTH AFRICA	-161841.75
17	BELGIUM	-186324.58
18	MALAYSIA	-267253.3
19	JAPAN	-267356.85
20	GERMANY	-327930.09
21	QATAR	-429819.66
22	KOREA RP	-444378.2
23	INDONESIA	-453948.09
24	NIGERIA	-488448.47
25	KUWAIT	-495222.44
26	AUSTRALIA	-537200.29
27	IRAQ	-673843.3
28	SAUDI ARAB	-1007120.33
29	SWITZERLAND	-1154505.97
30	CHINA P RP	-2058954.19

**SOURCE: Directorate General of Commercial Intelligence and Statistics (DGCIS)**

**Trade Balance:** Among top 30 trading partner countries, India has positive trade balance with only 11 countries in which USA has topped the list, followed by United Arab Emirates and Spain. Trade surplus with USA is almost equal to that of the combined trade balance of next top 3 countries, UAE, Hong Kong and Venezuela. Whereas, total of 19 countries has positive trade balance with India, topped by China PRP, followed by Switzerland, Saudi Arabia and Iraq. Negative trade balance with Taiwan is least in the list. Combined positive trade balance with 11 countries is nearly equal to the negative trade balance of China PRP only.



**Diagram 1****Region wise share of foreign trade with top 30 countries**

India's trade with Asian countries constitutes 59% (out of this 22 % to China and 20% to Saudi Arabia), followed by Europe with 20% (out of this 23% to Switzerland and 21% to Germany), then by America and Africa region countries.

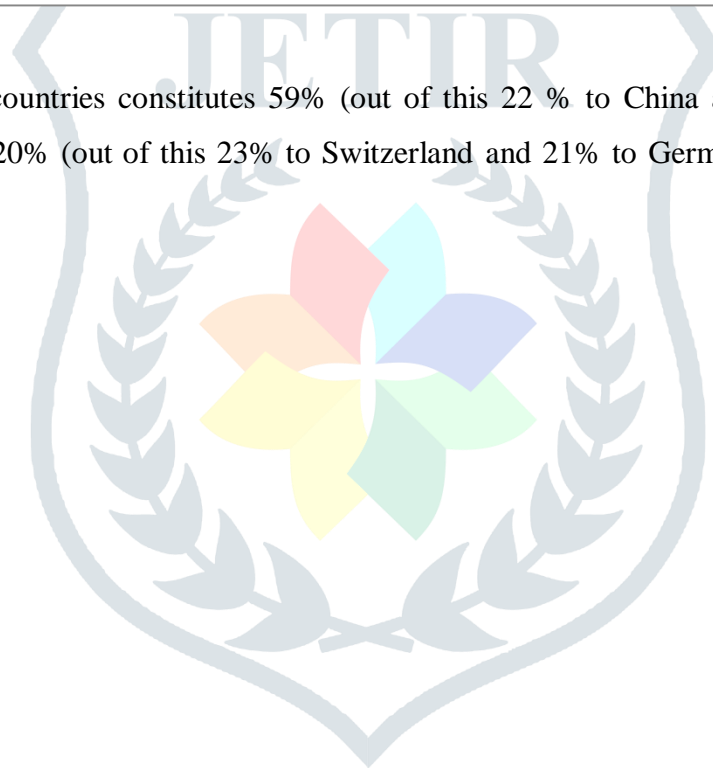


Table 5

India's top 30 trading countries (exports) from 2003-04 to 2016-17

(In rupees crores)

Rank	COUNTRY	TOTAL
1	U S A	20,70,385
2	U ARAB EMTS	17,53,221
3	CHINA P RP	7,63,325
4	HONG KONG	6,75,223
5	SINGAPORE	6,31,144
6	U K	5,17,373
7	GERMANY	4,27,986
8	SAUDI ARAB	4,07,337
9	BELGIUM	3,36,775
10	JAPAN	3,05,034
11	NETHERLAND	3,01,377
12	INDONESIA	2,44,212
13	MALAYSIA	2,40,801
14	KOREA RP	2,39,247
15	SOUTH AFRICA	2,32,009
16	ITALY	2,31,110
17	FRANCE	2,21,003
18	AUSTRALIA	1,36,213
19	NIGERIA	1,18,612
20	VIETNAM SOC REP	80,099
21	SWITZERLAND	62,253
22	THAILAND	60,480
23	IRAQ	52,895
24	KUWAIT	46,522
25	QATAR	33,769
26	SRI LANKA DSR	21,375
27	RUSSIA	18,405
28	SPAIN	13,351
29	TAIWAN	6984
30	VENEZUELA	4052

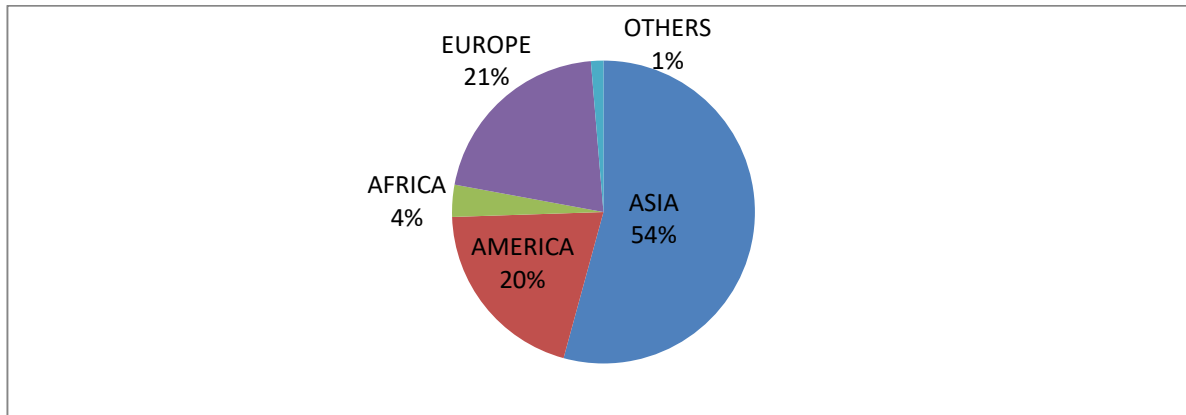
SOURCE: Directorate General of Commercial Intelligence and Statistics (DGCIS)

**Exports:** From the table 5, it can be observed that, during the study period, USA has received highest exports from our country with Rs.2070385 crores and followed by UAE with Rs.1753221, much lesser than exports to USA. Then followed by three Asian countries China, Hong Kong and Singapore respectively with Rs.763325, 675223 and 631144 crores. When compared with exports to top two countries, exports to other

countries in top 10 are much less and exports to last 10 countries in the list are very nominal in relation to exports of top two countries.

## Diagram 2

### Region wise share of exports with top 30 countries from 2003-04 to 2016-17



During the study period, exports to Asian countries in top 30 trading partners constitutes 54% (in which exports to UAE only constitutes around 32%), followed by American countries with 20% (exports to USA -99%) and followed by Europe with 21% (out of which Germany and UK together constitutes 44%), then Africa and other regions with 10% and 6% respectively.

Table 6

## India's top 30 trading countries (Imports) from 2003-04 to 2016-17

(In rupees crores)

Rank	COUNTRY	TOTAL
1	CHINA P RP	28,22,279
2	U ARAB EMTS	14,83,383
3	SAUDI ARAB	14,14,458
4	U S A	13,01,914
5	SWITZERLAND	12,16,759
6	GERMANY	7,55,916
7	IRAQ	7,03,658
8	INDONESIA	6,98,160
9	KOREA RP	6,83,625
10	AUSTRALIA	6,73,413
11	NIGERIA	6,07,060
12	JAPAN	5,72,390
13	BELGIUM	5,23,100
14	MALAYSIA	5,08,054
15	QATAR	4,63,589
16	KUWAIT	5,41,744
17	SINGAPORE	4,51,961
18	HONG KONG	4,06,722
19	SOUTH AFRICA	3,93,850
20	U K	3,53,192
21	FRANCE	2,48,891
22	ITALY	2,07,178
23	NETHERLAND	95,337
24	THAILAND	93,641
25	RUSSIA	49,996
26	VIETNAM SOC REP	39,026
27	TAIWAN	9,663
28	VENEZUELA	5,330
29	SRI LANKA DSR	5,152
30	SPAIN	4,289

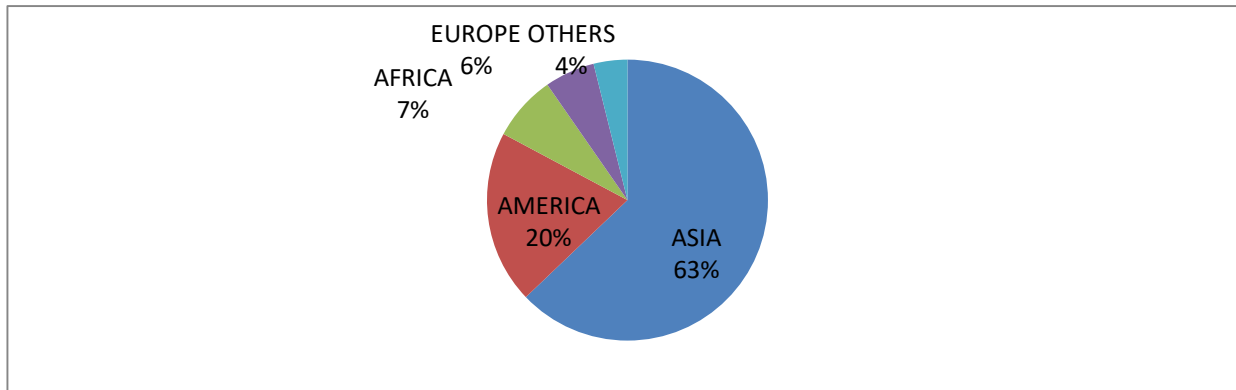
SOURCE: Directorate General of Commercial Intelligence and Statistics (DGCIS)

**Imports:** Table 6, explains India's imports from top 30 countries, in which China has topped with Rs.28, 22,279 crores, followed by UAE, Saudi Arabia and USA with more or less equal import value during the study period, subsequently followed by Switzerland with Rs.12, 16,759 crores. Imports from last three countries in the list are

significantly less than imports from other countries. Combined imports from top 10 countries are higher than the imports from the remaining 20 countries.

### Diagram - 3

#### Region wise share of imports with top 30 countries from 2016-17



Analysis of imports from top 30 countries during the study period reveals that, majority share of imports are from Asia with 63% (out of which China, UAE and Saudi Arabia constitutes 53%), followed by America with 20%. Imports from Africa & Europe constitute 7% & 6% (58% from Germany & Switzerland) and followed by other region to the extent of 4% only.

### Conclusion:

During the study period from 2003-04 to 2011-12, exports have witnessed a growth rate around 20 percent and there after started dipping due to decreased global demand and price of the commodities. Imports for the same period have also posted a growth rate of 26 percent and thereafter a decline.

Wide spread of foreign trade has resulted in new trading partner countries such as China, Vietnam, Saudi Arabia, Iraq, Hong Kong and Qatar. China replaces USA as India's largest trading partner in the last decade. Top 30 trading partners include countries from European region, West Asia and East Asia.

Imports, along with exports during the pre and post liberalization period have also increased thereby resulting a negative trade balance. India currently is enjoying a positive trade balance with only 11 countries out of top 30 trading partners. However from the year 2012-13 onwards, trade deficit is becoming narrow due to increased exports and promotion of import alternatives.

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