



# “A CHANGE IN DIRECTION OF INTERNATIONAL TRADE “ A CRITICAL ANALYSIS

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## Abstract

India's foreign trade have played crucial role in the economic development in the past years. Indian economy is growing rapidly and getting significant place in international worldwide. India's Foreign Trade Policy has, conventionally, been formulated for five years at a time and reviewed annually. The focus of the FTP has been to provide a framework of rules and procedures for exports and imports and a set of incentives for promoting exports. This paper highlighted the performance of India's foreign trade and the various economic policies related to foreign trades which have contributed to its growth. It tried to focus on foreign trade, its meaning and definition, need and importance and types of foreign trade. Export of goods and services to other countries gives more foreign exchange. Similarly imports leads to expend the home currencies. So every country should concentrates on the export of their goods than the import. International trade takes place between the two or more countries. It involves different currencies of different countries and is regulated by laws, rules and regulations of the concerned countries. Thus, International trade is more complex. This paper deal how the direction of international trade changed with other countries in period of five year i.e. from 2017-18 to 2021-22.

Keywords: Export & Import, , free trade agreement, Foreign Trade Policy.

## Introduction

All countries need goods and services to satisfy wants of their people .Production of goods and services required resources, no country can produce all the **goods services that is required, it has to buy from other countries what it cannot produce or produce less than its requirements similarly it sell to other country the goods which it has been in surplus quantity**, India to buy from and sell to other countries various type of goods and services. The goods from where the India imported and where exported is known as direction of foreign trade

## NEED AND SIGNIFICANCE OF INTERNATIONAL TRADE

IN THE CONTEMPORARY WORLD NO NATION IS TOTALLY SELF SUFFICIENT than international trade important for all the nation on the planet.International trade allow countries to expand their market and goods and services that otherwise not have been available domestically.

| Group / Country      | 2017-18  |     |          |     | 2018-19  |     |          |     | 2019-20 |     |          |     | 2020-21  |     |          |     | 2021-22  |     |          |     |
|----------------------|----------|-----|----------|-----|----------|-----|----------|-----|---------|-----|----------|-----|----------|-----|----------|-----|----------|-----|----------|-----|
|                      | Export   | %   | Import   | %   | Export   | %   | Import   | %   | Export  | %   | Import   | %   | Export   | %   | Import   | %   | Export   | %   | Import   | %   |
| O E C D Countries    | 119622.4 | 39  | 126728.5 | 27  | 128175   | 39  | 144875.7 | 28  | 124022  | 40  | 133850.5 | 28  | 118613.9 | 41  | 116178.2 | 30  | 180759.5 | 43  | 163888.3 | 27  |
| O P E C              | 44303    | 15  | 109358.2 | 24  | 48780.5  | 15  | 136548.7 | 27  | 48180.3 | 15  | 123832.4 | 26  | 33057    | 11  | 79651.6  | 20  | 50435.6  | 12  | 151000.9 | 25  |
| Eastern Europe       | 3036.7   | 1   | 12914.5  | 2.8 | 3504     | 1.1 | 9465.6   | 1.8 | 4235.9  | 1.4 | 11964    | 2.5 | 4105.6   | 1.4 | 9161.4   | 2.3 | 4763.5   | 1.1 | 14051.5  | 2.3 |
| Developing Countries | 133905.1 | 44  | 207286.8 | 45  | 144623.5 | 44  | 223040.7 | 43  | 134160  | 43  | 204837.8 | 43  | 135102.3 | 46  | 189365.8 | 48  | 184523.1 | 44  | 284034.2 | 46  |
| Other                | 229.3    | 0.1 | 98.3     | 0   | 186.4    | 0.1 | 56.9     | 0   | 215     | 0.1 | 100.3    | 0   | 194.4    | 0.1 | 22.3     | 0   | 221.1    | 0.1 | 31       | 0   |
| Unspecified          | 2429.7   | 0.8 | 9194.6   | 2   | 2907.2   | 0.9 | 89.7     | 0   | 2547    | 0.8 | 123.5    | 0   | 733.3    | 0.3 | 56.4     | 0   | 1299.6   | 0.3 | 45.9     | 0   |
| Total:->             | 303526   | 100 | 465581   | 100 | 328177   | 100 | 514077   | 100 | 313360  | 100 | 474709   | 100 | 291807   | 100 | 394436   | 100 | 422002   | 100 | 613052   | 100 |

As a result of international trade the market is more competitive .The ultimate result is more competitive pricing and bring a cheaper product home to the consumer. International trade is exchange of capital goods and services across the international border or territories. In most countries it represents a significant share of gross domestic production. International trade allow wealthy countries to use their resources more efficiently .Different countries are endowed with different assets and natural resources ,the international trade allow some countries to produce the same goods more efficiently, in other word more quickly and lower

cost ,therefore they may sell it more cheaply than other countries. If a country cannot efficiently produce an item, it can obtain it by trading with other.

## DIRECTION OF EXPORT

AS per table ,destination smart from 2017-18 to 2021-22 the share export of OECD COUNTRIES WHICH WAS \$110622.4 million increase to \$180259,5 million in the year 2021-22,The share in total export which was 39,4% in the year 2017-18 increase to 42-8% in the year 2010-22,The share of OPEC countries which was \$44303.5 million in the year 2017-18 increase to \$50435-6 million in the year 2021-22.The share in total export decreases from 14.6% to 12% in the period of five year. The contribution of developing countries in total export \$133905-1million in the year 2017-18 increase to \$184523-1 million in the year 2021-22.The OECD and developing countries is the major destination of indies export which combined contributed 85% of total export. The share OECD country having declining trend and contributed 31-1% in the year 2018-19 and after that increasing tread in the year 2019-20 and 2021-22.The share of OPEC countries remain stagnate in the period and and there share fluctuated between 11% to 14%.The eastern eruption countries not much contributed in total export and there share remain constant between 1% to 2%.,The developing countries contributed at most in the total export and there share were between 43% to 44% in the period of five years-

| Country wise export/import    |         |     |        |     |         |     |         |     |         |     |         |     |         |     |         |     |         |    |        |      |
|-------------------------------|---------|-----|--------|-----|---------|-----|---------|-----|---------|-----|---------|-----|---------|-----|---------|-----|---------|----|--------|------|
| country                       | 2017-18 |     |        |     | 2018-19 |     |         |     | 2019-20 |     |         |     | 2020-21 |     |         |     | 2021-22 |    |        |      |
|                               | Export  | %   | Import | %   | Export  | %   | Import  | %   | Export  | %   | Import  | %   | Export  | %   | Import  | %   | Export  | %  | Import | %    |
| 2. U.S.A                      | 47878.5 | 16  | 26611  | 5.7 | 52406.3 | 16  | 35549.5 | 6.9 | 53089   | 17  | 35819.9 | 7.5 | 51623.1 | 18  | 28888.1 | 7.3 | 76167   | 18 | 43314  | 7.07 |
| 2. U.K.                       | 9691.1  | 3.2 | 4806.8 | 1   | 9309.3  | 2.8 | 7561.9  | 1.5 | 8737.9  | 2.8 | 6712.6  | 1.4 | 8157.6  | 2.8 | 4955.8  | 1.3 | 10461.3 | 3  | 7017.8 | 1.14 |
| 5. U.A.E                      | 28146.1 | 9.3 | 21739  | 4.7 | 30126.7 | 9.1 | 29785.3 | 5.8 | 28854   | 9.2 | 30256.6 | 6.4 | 16679.5 | 5.7 | 26623   | 6.7 | 28044.9 | 7  | 44834  | 7.31 |
| 1. People's Republic of China | 13333.5 | 4.4 | 76381  | 16  | 16752.2 | 5.1 | 70319.6 | 14  | 16613   | 5.3 | 65260.7 | 14  | 21187.2 | 7.3 | 65212.3 | 17  | 21259.8 | 5  | 94571  | 15.4 |
| 2. Hong Kong                  | 14690.3 | 4.8 | 10676  | 2.3 | 13002   | 3.9 | 17987   | 3.5 | 10967   | 3.5 | 16935.3 | 3.6 | 10162.4 | 3.5 | 15172.8 | 3.8 | 10984.8 | 3  | 19097  | 3.12 |
| TOTAL                         | 303526  |     | 465581 |     | 330078  |     | 514078  |     | 313361  |     | 474709  |     | 291809  |     | 394435  |     | 422004  |    | 613052 |      |

## DIRECTION OF IMPORT

As per table, the total import which was \$465589.9 million in the year 2017-18 increase to \$613051.8 million in the year 2021-22. In the period of five year it increase by 1-31 times, In the total import the maximum contribution done by developing countries which contributed nearly 45% and remaining contributed by OPEC and OECD countries The contribution of which was \$207286.8 in the year 2017-18 increase to 284054.2 million in the year 2021-22. And there share which was 44.5% in the year 2017-18 increase to 48% in the year 2019-20 and decrease to 43.9% in the year 2021-22. The share of OECD countries which was 21.2% in the year 2017-18 increase to 26.1% in the year 2021-22, there contribution between 27% to 28% in the period of five year. The share of OPEC countries which was 23.3% in the year 2017-18 increase to 24.6% in the year 2021-22, there contribution was maximum in the year 2018-19 by contributing 26.6% of total import.

## COUNTRY WISE EXPORT

In table it shows that USA IS LEADING PARTNER in export, the share of USA which was \$47428.5 million in the year increase to \$76176 million in the year 2021-22 and there share in total export which was 15.64% in the year 2017-18 increase to 18.04% in the year 2021-22. The country UAE is the second leading partner in export, there contribution \$28148.1 million in the year 2017-18 and increase to \$28044.9 million in the year 2021-22 but there share which was 9.27% in the year 2017-18 decrease to 6.69% in the year 2021-22, The people republic of china did not contributed much in overall export, there contribution in the year 2017-18 \$13333.5 in the year 2017-18 increase to \$21259.8 million in the year 2021-22 and there share increase from 4.32% to 5.03% in the period of five year. Hong Kong contributed \$14690 million in the year 2017-18 and decrease to \$10984.8 million in the year 2021-22 and there share which was 4.84% in the year 2017-18 decrease to 2.80% in the year 2021-22.

## COUNTRY WISE IMPORT

The table show that total import from USA of \$266611 million in the year 2017-18 increase to \$43314.10 million in the year 2021-22, it increase by 1.52 times and there share were 5.7% in the year 2017-18 increase to 7.06% in the year 2021-22. The contribution of United kingdom which was \$4806.8 million in the year 2017-18 increase to \$7017.8 million in the year 2021-

22 and there share increases from 1% to 1.45% in the period of five year. The UAE is the second largest exporter of product in India after USA, but their contribution which was \$21739.10 million in the year 2017-18 increase to \$44833.5 million in the year 2021-22, there share which was 4.7% in the year 2017-18 increase to 7.35% in the year 2021-22. PEOPLE REPUBLIC OF CHINA is largest exporter of product in India, there contribution in total input was \$76380.7 million in the year 2017-18 increases to \$94570.6 million in the year 2021-22 and in the period of five year there share marginally decrease from 16.4% to 15.43% in the period of five year. The Honk Kong also provide contribution in total import by contributing \$10676 million in the year 2017-18 and \$19096.8 million in the year 2021-22 and there share marginally increase from 3.9% to 3.11% in the period of five years.

### CONCLUSION AND SUGGESTIONS

- 1 In region wise export the developing countries play a major role but their share not much increases in the period.
- 2 The OECD countries increases their share from 19.4% to 26.7%
- 3 The share of POEC countries decrease by 2.6%
- 4 The share of Eastern Europe not much increases as expected
- 5 In import Developing countries contributed maximum and their contribution nearly half of total import
- 6 The share in import of OPEC countries increased by 1%.
7. In country wise import and export Republic of china is a leading partner and then USA contributed maximum. The UK and UAE did not contribute much and their share remain fluctuated between 1% to 8%



## Suggestions

1 The role of Global Corporation is very critical in expanding export, large manufacturer established global value chain system producing input in multiple countries and bringing them together in different location for assembling the final product. In India the presence of such foreign firms need to rise

2 Free trade agreement need to be taken up. Many of our competitor nation have FTAs with their key market which offer them lower custom duties .It is good that Government is looking for FTA strategy with trade negotiation underway with UK.EU.Austrlia.UAE.and other countries which are traditionally our market

3. Goods, and provide incentives to nurturing innovation.

4 facilitate the access to credit; serve to build the country image in foreign markets (through marketing, information provision, and advocacy).

5 Offer targeted and tailored assistance, and rely on continuous evaluation; are supported by monetary and fiscal policies designed to improve the enabling environment; and stimulate institutional development, also considering institutional complementarities.

## Remarks

India is presently known as one of the most important players in the global economic landscape. Its trade policies, Government reforms, and inherent economic strength have attributed to its standing as one of the most sought –after destination for foreign investments in the world. Also, technological, and infrastructural development being carried out across the country augurs well for the trade and economic sector in the years to come. The government of India has been working on striking important deals with the government of Japan , Australia and chine to increase contribution towards the economic development of the country and growth in the global market. India has the potential to increase its goods and service exports to Australia to US 15 billion by 2025 and US 35 billion by 2035. Minister of Commerce and Industry, Consumer affairs, food and public distribution and textiles Mr. Piyush Goyal , aspires for India to achieve US 2 trillion in exports by 2030. This will help India to become a key player in world trade.

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