

FOREIGN TRADE OF INDIA

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Abstract

In the last few years, India's foreign trade has played an important role in economic development. The Indian economy is growing rapidly and gaining a prominent place internationally. India's foreign trade policy has, traditionally, been drafted simultaneously for five years and is reviewed annually. The FTP aims to provide a framework of rules and procedures for exports and imports and a set of incentives to promote exports. The paper sheds light on the efficiency of India's foreign trade and various economic policies related to foreign trade which led to its growth. Attempted to focus on foreign trade, its meaning and definition, need and importance and types of foreign trade. Exports of goods and services to other countries generate more foreign exchange. Similarly, imports increase domestic currencies. So every country should focus on exports rather than importing their goods. International trade takes place between two or more countries. It consists of different currencies of different countries and is regulated by the laws, rules and regulations of the respective countries. Thus, international trade is more complex. This paper is also about Payments Balance, Trade Balance, Disequilibrium, and India Export and Import Performance.

Keywords:- Export & Import, Foreign Trade Policy, economic policies.

Introduction:-

Strategically located near highly populated trading partners including China, Pakistan and Bangladesh, the Republic of India shipped US\$322.8 billion worth of goods around the globe in 2019. That dollar amount reflects a -0.4% reduction since 2015 but a 22.3% gain from 2018 to 2019. Based on the average exchange rate for 2019, the Indian rupee has depreciated by -9.8% against the US dollar since 2015 and declined by -3% from 2018 to 2019. India's weaker local currency makes Indian exports paid for in stronger US dollars relatively less expensive for international buyers. The latest available country-specific data shows that 54.8% of products exported from India were bought by importers in: United States (16.8% of the global total), United Arab Emirates (9.2%), China (5.3%), Hong Kong (3.5%), Singapore (3.3%), United Kingdom (2.7%), Netherlands (2.7%), Germany (also 2.7%), Bangladesh (2.6%), Nepal (2.2%), Belgium (2%) and Malaysia (1.9%). From a continental perspective, 47.8% of India's exports by value were delivered to fellow Asian countries while 19.3% were sold to European importers. India shipped another 18.8% worth of goods to North America. Smaller percentages went to Africa (9.1%), Latin America excluding Mexico but including the Caribbean (3%), and Oceania led by Australia (1.1%). Given India's population of 1.352 billion people, its total \$322.8 billion in 2019 exported products translates to roughly \$240 for every resident in the vast South Asian country.

Objective:- To understand export-import goods and services in India.

Database and Methodology:

The present research paper is based on a secondary source of data. The secondary information has been collected from published books, articles published in different journals, various reports, and websites

Table-1.1

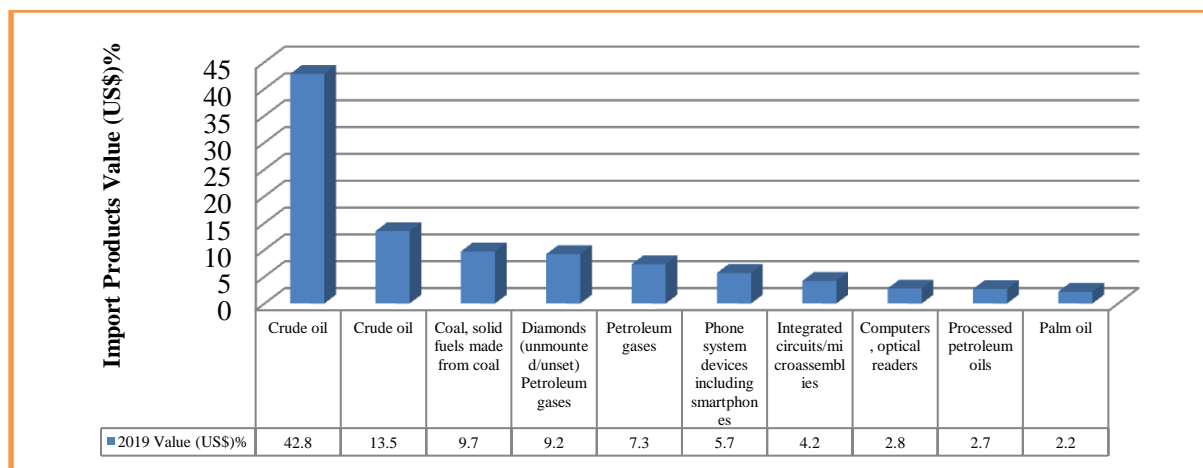
India's Most Valuable 10 Import Products- 2019 (in US\$ Dollar)

Rank	India's Import Production	2019 Value (US\$)	%
1	Crude oil	102,306,491,000	42.8
2	Crude oil	32,161,590,000	13.5
3	Coal, solid fuels made from coal	23,049,175,000	9.7
4	Diamonds (unmounted/unset) Petroleum gases	22,028,199,000	9.2
5	Petroleum gases	17,415,534,000	7.3
6	Phone system devices including smartphones	13,583,455,000	5.7
7	Integrated circuits/microassemblies	9,911,579,000	4.2
8	Computers, optical readers	6,579,043,000	2.8
9	Processed petroleum oils	6,365,756,000	2.7
10	Palm oil	5,362,450,000	2.2
Total		238,763,272,000	100.0

Source: Directorate General of Commercial Intelligence and Statistics.

Fig-1.1

India's Most Valuable 10 Import Products- 2019 (in US\$ Dollar)



India's Most Valuable Import Products - 2019 Crude oil 102,306,491,000 (42.8%), Crude oil 32,161,590,000 (13.5%), Coal, solid fuels made from coal 23,049,175,000 (9.7%), Diamonds (unmounted/unset) Petroleum gases 22,028,199,000 (9.2%), Petroleum gases 17,415,534,000 (7.3%), Phone system devices including smartphones 13,583,455,000 (5.7%), Integrated circuits / microassemblies 9,911,579,000 (4.2%), Computers, optical readers 6,579,043,000 (2.8%), Processed

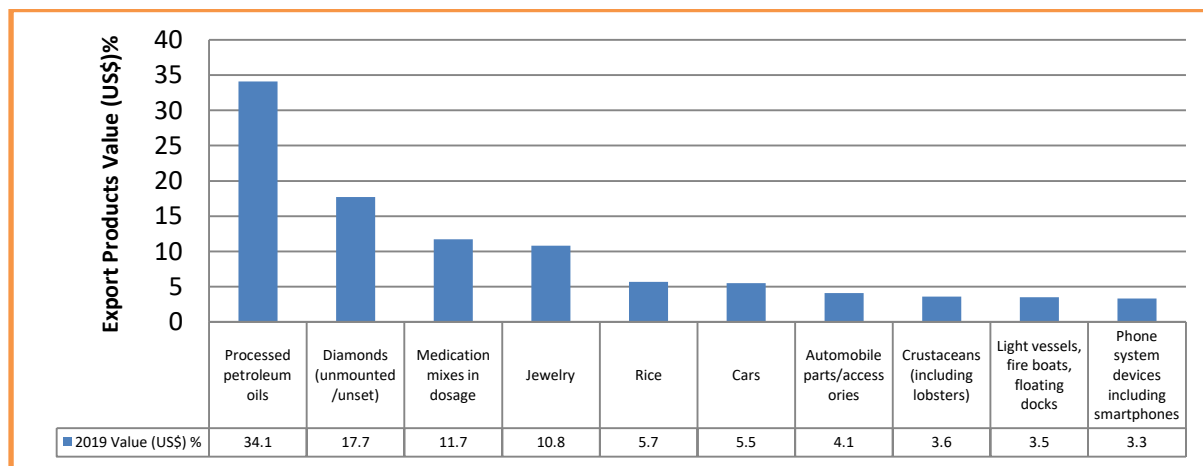
petroleum oils, 365,756,000 (2.7%) and Palm oil 5,362,450,000 (2.2%). crude oil is a very important product import in India 2019, 42.8% crude oil import and Processed petroleum oils and Palm oil very low import in India.

Table-1.2
India's Most Valuable 10 Export Products in 2019 (in US\$ Dollar)

Rank	India's Export Production	2019 Value (US\$)	%
1	Processed petroleum oils	42,212,861,000	34.1
2	Diamonds (unmounted/unset)	21,909,135,000	17.7
3	Medication mixes in dosage	14,529,723,000	11.7
4	Jewelry	13,369,370,000	10.8
5	Rice	7,112,146,000	5.7
6	Cars	6,810,975,000	5.5
7	Automobile parts/accessories	5,032,374,000	4.1
8	Crustaceans (including lobsters)	4,461,050,000	3.6
9	Light vessels, fire boats, floating docks	4,279,340,000	3.5
10	Phone system devices including smartphones	4,117,136,000	3.3
Total		123,834,110,000	100.0

Source: Directorate General of Commercial Intelligence and Statistics

Fig-1.2
India's Most Valuable 10 Export Products in 2019 (in US\$ Dollar)



Processed petroleum oils 42,212,861,000 (34.1%), Diamonds (unmounted / unset) 21,909,135,000 (17.7%), Medication mixes in dosage 14,529,723,000 (11.7%), Jewelry 13,369,370,000 (10.8%), Rice 7,112,146,000 (5.7%), Cars 6,810,975,000 (5.5%), Automobile parts/accessories 5,032,374,000 (4.1%), Crustaceans (including lobsters) 4,461,050,000 (3.6%), Light vessels, fire boats, floating docks 4,279,340,000 (3.5%) and Phone system devices including smartphones 4,117,136,000 (3.3%).

Processed petroleum oil 42,212,861,000 (34.1%) is export in large scale and also Phone system devices including smartphones lowest scale export.

Difference between export and import Goods in India Export- 123,834,110,000 and Import 238,763,272,000. Variation Trade -114,929,162,000. High Export is very favorable condition of economic development of any Country but in India high import and low export in top 10 goods.

Suggestion

- 1) Encouragement to export
- 2) Reduction in import
- 3) Monetary measures
- 4) Devaluation
- 5) Exchange control

Conclusion

The present research study concludes that, With the Liberalization, Privatization and Globalization of the Indian economy and following liberal foreign trade, there had been changes in the business environment. This is possible when a country allows imports as well as exports of goods and services. The trade transactions are to be monitored for which framing of the foreign trade policies is very much essential. The government has encouraged exporters to improve production of various commodities. The exports and imports of a country give rise to monetary transactions with other countries. The New trade Policy 2015-20 is a move to achieve the Government's mission of "Make in India" and shall help to double the percentage share of foreign trade within 2015-20 years. India's New Foreign Trade Policy 2015-20 is unveiled with the objective of bringing stability and ease of doing business. The various new initiatives undertaken are the move towards promoting exports, promoting use of technology, and reduction in the transaction cost.

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