

INDIAN TRADE PERFORMANCE: LONG-TERM AND SHORT-TERM TREND REPORT

Dr. Radhika K.G

Guest Faculty, P.G Department of Commerce, University College Mangalore

Dr. Shripathi Kalluraya P

Research Supervisor Srinivas University, Mangalore

[Abstract: International trade is an important component of any economy in globalized context. All over the world economies are trying to find market for their products. India with its New Economic Policy-1990, opened up and its globalization policy is expected to yield trade benefits. Indian trade was stagnant for a long time, both in volumes and values of the commodity and services. Even the direction of trade was almost same for a long time. But in the recent years trade has become more dynamic and their support to Indian economy to reach a remarkable position is immense and well recognized. Within a short time period Indian export, import, and balance of payment trends have shown remarkable growth. In view of the tariff and rivalry tariff impositions among different countries, which is referred as the tariff war strong trade position protects the domestic economy. India in long run shown a trend and in a short run deviated up showing a strong trend.

With this background in this paper an attempt is made to give a trend report of the Indian trade- export, import and balance of payment since from last sixty years.]

Key words: Export; Import; BOP; Trade deficit; GDP

Introduction

Trade is an important activity in the market economy. In addition to utilizing existing resources without damaging environment, a developing economy has to focus more to manage finance and trade for the sustainable development. Trade plays a significant role in the modern exchange economy. International trade differ from internal trade mainly by the way that the payments made in foreign currencies. International trade includes all imports and exports and resulting balance of trade (BOT). In addition to this current account, Balance of Payment account includes other components like capital account, government transactions and others. Trade is measured as the sum of exports and imports of goods and services measured as a share of Gross Domestic

Product (GDP). more than its contribution to GDP, trade integrates world economy and thereby helps to improve the international relationships. It provides goods and services to consumers which are not produced in their own country. Further, resources endowed in different part of the world are utilized to supply products to meet the demand in the world market. Mutual, reciprocal demand and supply of goods and services produced in different countries keeps world economy in equilibrium.

In India, Globalization policy (1991) has been an integral part of the recent economic progress. It has played a major role in export-led growth and an enlargement of the job market. The most common measure of globalization is openness to trade and country's participation in the international trade. In India this is evidenced, in the recent years, by the transformation that have occurred in the patterns of trade and capital flows.

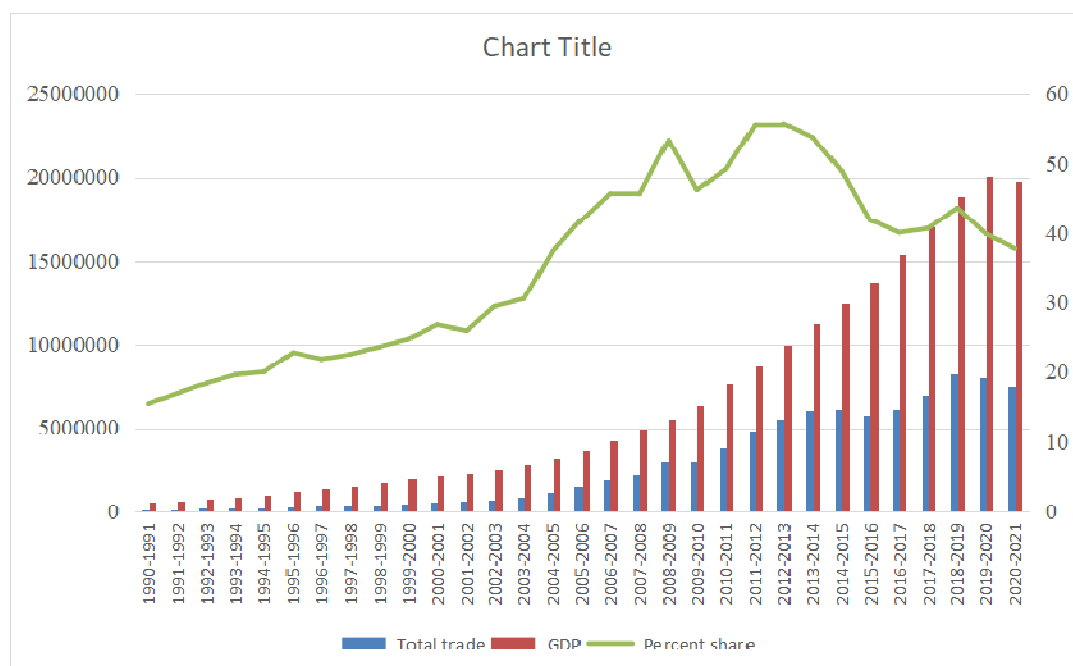
International trade contributes to the development of the country by the way of resource utilization, foreign exchange earnings, contribution to GDP and it generates employment opportunities which is very essential in a highly populated country like India. Employment by export was increased from 34 million to 70.3 million during 1999-2000 to 2013-14 and further decreased to 58.1 during 2017-18.

During 1990-91 share of foreign trade to Gross domestic product was 15.51 percent and increased during 2011-12 (55.62 percent) and 2012-13 (55.79 percent) and later years maintained a standard level.



Source: Export Bank of India, 2023 and Export Import Bank of India, 2016

Trade and GDP growth over the years



Source: Economic Survey, 2022-2023

Indian Export Performance

India's foreign trade has witnessed structural changes in terms of volume, composition and direction after independence, and further after new Economic reforms 1991-. The patterns of India's foreign trade have changed considerably since the early 1990s. The trade increased from US\$2.5 billion in 1950 to around US\$10 billion in 1975-76, US\$43 billion in 1990-91, US\$95 billion in 2001-02 and US\$620 billion in 2010-11. During 1990-1991 to 2017-18, the total value of goods exports increased more than 16 times that is from \$18 billion to over \$300 billion (Economic survey, 2011-2012). Balance of Trade in India averaged to -3.08 USD Billion from 1957 to 2022, reaching an all-time high of 0.79 USD Billion in 2020 and decreased to -24.29 USD Billion in 2022. (Covid-2019 Regime) (Ministry of Commerce and Industry, 2022)

Before 1990, Indian trade growth was slow stagnant and later years geared up and now we can see significant growth in the trade performance. Indian export trend since from 1960 to 2020 is given in table -1.

Table-1: Indian Export trend (1960-2020) (in INR Crore)

Years	Export	
	Values	Decadal Growth rate
1960	642.32	-
1970	1535.25	13.90
1980	6710.71	33.71
1990	32557.63	38.52
2000	203571	52.53
2010	1142922	46.14
2020	2154339	8.85

Source: Reserve Bank of India, Handbook of statistics on Indian economy 2001-2002, 2013-2014 and 2020-2021

In case of the export of commodities, during last two decades there is a shift from the traditional sectors like textile and agricultural products to engineering goods and medical drugs, which have increased significantly. The important commodities most exported by India are Petroleum products (–61.2 billion dollars.), Jewelers (–41.2 billion dollars), Automobile (–14.5 billion dollars) Machinery (–13.6 billion dollars), Bio-chemicals, Pharmaceuticals, Cereals, Iron and steel (Economic survey, 2020-21). Export values of manufactured goods and articles increased from Rs.7,19,863 crore in 2010-11 to Rs. 14,80,237 crore. In 2020-21

In the direction of export from India during 2000-01, OECD countries were in peak with 52.68 percent of the total export followed by OPEC countries with 10.88 percent and Eastern European countries with 2.96 percent. However, during 2020-21, the percent share of OECD 40.74 percent, the OPEC 5.62 percent, percent, while that of the eastern European countries declined to 1.41 percent compared with 2010-11. Share of export to developing countries increased after 2014, evidenced by the fact that of the total export share to developing countries was 38.29 percent in 2010-11 and was 46.19 percent in 2021. export to Asian countries also increased during this period.

Indian Import Trend

Imports of goods and services represent the value of all goods and other market services received from the rest of the world. They include the value of merchandise, freight, insurance, transport, travel, royalties, license fees, and other services, such as communication, construction, financial, information, business, personal, and government services.

The value of import by India has increased from Rs.1121.62 crore to Rs.43192.86 crore during 1960-61 to 1990-91. Further, it has increased from Rs.47850.84 crore to Rs.2909937 crore during 1991-92 to 2020-21. In 2009-10 (-0.78 percent), 2015-16 (-9.02 percent), 2019-20 (-6.50 percent) and 2020-21(-13.42 percent) annual growth rate of total value of import were negative. Managing and controlling the export of Petroleum and Lubricants has been a challenge and in the recent years, evidences show that much care has been taken in this regard.

Table-2: Indian Import trend (1960-2020) (in INR Crore)

Years	Values	CAGR
1960	1121.62	-
1970	1634.20	0.457
1980	12549.15	6.679
1990	43192.86	2.442
2000	230873.00	4.345
2010	1683467	6.292
2020	2909937	0.729

Source: Reserve Bank of India, Handbook of Statistics on Indian economy 2001-2002, 2013-2014 and 2020-2021

During 1970-71, OECD countries were in the peak with 62.24 percent of the total import followed by OPEC countries with 7.65 percent. The direction of India's import across the major country groups almost increased from 2010-2011 to 2020-2021. However, developing countries continued to be the India's largest trading partner accounting for 48.11 percent followed by OECD countries for 29.31 percent.

Recent Trends

India's total exports during 2024-25 reached a record high of USD 824.9 billion, driven by strong performance in both services and merchandise trade. This indicates a

significant increase of 6.01 percent over the previous year, 2023-24. Services exports stands at a historic USD 387.5 billion, while non-petroleum merchandise exports also hits a new record at USD 374.1 billion. Services exports continued to promote the growth momentum, reaching a historic high, up 13.6 percent from USD 341.1 billion in 2023-24. For March 2025 alone, services exports stood at USD 35.6 billion, reflecting a year-on-year growth of 18.6 percent compared to USD 30.0 billion in March 2024.

During 2024–25, merchandise exports excluding petroleum products rose to a record USD 374.1 billion, registering a 6.0 percent increase from USD 352.9 billion in 2023–24, the highest ever annual non-petroleum merchandise exports.

Table-3: Recent Export- Import Trend of India (Billion USD)

Years	Services export	Merchandise Export (Excluding Petroleum)	Total Export	Total Imports
1919-20	213.2	272.1	526.6	510.24
1920-21	206.1	266.0	497.9	760.90
1921-22	254.5	354.5	676.4	877.55
1922-23	325.3	353.6	776.4	858.84
1923-24	341.4	352.9	778.1	915.19
1924-25	387.5	374.1	824.9	836.52

Source: GOI, Economic Survey 2024-25, and for various years

India's import trends show a recent decrease in overall value for 2023, followed by an expected increase for 2024-25 due to factors like higher commodity prices and demand. The primary import is still mineral fuels and oils, with crude petroleum being the largest component. China is the largest single source for imports, while the United States and the United Arab Emirates are also major import partners.

Balance of Payment

Merchandise trade deficit showed an increase considerably from Rs.6494 crore to Rs.753065 crore during 1991-92 to 2020-21. Comparing the invisible net of the various years, during 2019-20 was a significant increase of Rs.942474 crore. The overall Current Account balance during 2000-01 and 2020-21 shows surplus of

Rs.16426 crore, and Rs.182070 crore receptively. The BOP trend of Indian during 1960-2020 is given in table-4

Table-4: Balance of Payment trend (1960-2020) (in INR Crore)

Years	Balance of Payment		
	Current Account	Capital Account	Total
1960	-392	344	-48
1970	-445	435	-10
1980	-2214	1315	-899
1990	-17367	12895	-4472
2000	-11431	39093	-27662
2010	-375972	273133	-102839
2020	182070	470206	652276

Source: Reserve Bank of India, Handbook of statistics on Indian Economy, 2001-2002, 2008-2009, 2010-2011, 2015-2016 and 2020-2021

During 1991-2021, there was significant increase in the Capital Account balance from Rs.9509 crore to Rs.470206 crore. Trade deficit and Balance of Payment in the recent years is given in Table-5.

Table-5: Export, Import and trade Deficits in India (in INR Crore)

Years	Export Values	Import	Trade deficit	BOP
2019-20	2270919	3385822	-1114902	423206
2020-21	2193253	2946318	-753065	649681
2021-22	3199115	4613049	-1413934	344119
2022-23	3661287	5791926	-2130639	-70049
2023-24	3655128	5683120	-244896	526931

Source: Economic Survey 2024-25; Statstical Apendix pp-96-101

The data on the balance of payments reveals a significant improvement in the current account deficit (CAD), which has reduced to 2.2 percent of gross domestic product (GDP) from the previous years 3.7 percent. This is a positive indication of the strengthening external sector fundamentals. The improvement in CAD is because of a

notable reduction in the merchandise trade deficit and a sharp increase in services trade surplus and net remittances received, which are at historic high levels.

Recent trends show India's balance of payments (BoP) would be fluctuating between a significant surplus to a deficit in the coming months because of the changes in capital inflows and current account balance. While capital inflows decreased sharply from 2023-24 to 2024-25, services and remittances have seen growth, contributing positively to the current account.

Conclusion

Maintaining Balance of Payment equilibrium is major task of every trade policy. This may be achieved by increasing export and reducing import. However, in the modern economy with globalized, liberalized policy Foreign Direct Investment and MNC's also play crucial role in deciding the equilibrium of Balance of Payment as they are crucial determinants of the foreign trade earnings. Trade relation would improve the political relationship also and its need of the day. There is a need to update the trade policy to grab the benefits from time time. Imposing tariff and rivalry tariff, conditioning trade relations with different countries by a country are not a sign from the point of view of world economic balance. Maintaining economic integrity is essential for the world economic balance.

References

- Ahluwalia, M. S. 'Economic reform in India since 1991: Has Gradualism Worked'. *Journal of Economic Perspectives*, 16(3), 67-88. (2002)
- Anjum, S., & Khan, A. 'Changing pattern in India's Agricultural Exports under WTO'. *Economic Affairs*, 62, 253-262. doi:10.5958/0976-466.2017.00007.9. (2017)
- Dr.S. Rajaram, D. E. 'Analytical Study on Visible Balance of Payment in India'. *Studies in Indian place names*, 40(12). (2020)
- Dutt, S. Analysis of Balance of Payments of Indian Economy. *International Journal of Research in Finance*, 7(2), 112-120. Retrieved from <http://www.euroasiapub.org>. (2017)
- Economic Survey 2004-2005. (2005). Retrieved from Government of India, Ministry of Finance, Department of Economic Affairs: <http://www.indiabudget.gov.in>
- Economic Survey 2011-2012. (2012). Retrieved from Government of India, Ministry of Finance, Department of Economic Affairs: <http://www.indiabudget.gov.in>
- Economic Survey 2015-2016. (2016). Retrieved from Government of India, Ministry of Finance Department of Economic Affairs Economic Division: http://www.indiabudget.gov.in/budget2016-2017/vol2_survey.asp
- Economic Survey 2017-2018. (2018). Retrieved from Government of India, Ministry of Finance Department of Economic Affairs: <http://www.indiabudget.gov.in>
- Economic Survey 2020-2021. (2021). Retrieved from Government of India Ministry of Finance Department of Economic Affairs: <http://www.indiabudget.gov.in>
- Girdharwal, A. Trends and Patterns of Foreign Direct Investment in India: An Empirical Analysis. *International Journal of Engineering and Management Research*, 11(3). Retrieved from <http://doi.org/10.31033/ijemr.11.3.44277>. (2021)
- Goel, A., Garg, P., & Jain, M. Trends and Patterns of FDI inflows in India. *International Journal of Research and Analytical Reviews*, 7(4). Retrieved from <http://www.ijrar.org> . (2020)
- GOI, Ministry of Commerce and Industry, 2022, and other various Reports
- GOI, Ministry of Finance Economic Survey, Various Years
- RBI Bulletin Various Issues
- Reserve Bank of India, Handbook Statistics on Indian Economy, 2021-22

Author Details

Dr Radhika K.G
Guest faculty
P.G Department of Commerce
University College, Mangalore

Prof. Shripathi. Kalluraya P
Research Supervisor
Institute of social Science
and Humanities, Srinivas
University, Mangalore