



## Foreign Trade of India

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### ABSTRACT

Foreign trade includes all imports and exports one country to another country. International trade involves voluntary exchange of goods, services, assets or money between the residents of two different countries. In most countries, these represent a significant share of the gross domestic product (GDP). India's exports for the months of April 2012 have registered a growth of 3.2%, at US \$ 24.50 billion. Commerce department informed that during April 2012 the imports were US \$ 37.9 billion with a growth of 3.8% and a Balance of Trade stood at US \$ (-)13.4 billion, during the same period.

### INTRODUCTION

Foreign trade includes all imports and exports one country to another country. The world has a long history of international trade among nations that can be traced back to early Assyrian, Babylonian, Egyptian and Phoenician civilizations. These civilizations recognized that trade can be tied directly to an improved quality of life for the citizens of all the nations. Today, the practice of trade among nations is growing by leaps and bounds. There is hardly a person on a earth who has not been influenced in some way by the growing trade among nations. International trade involves voluntary exchange of goods, services, assets or money between the residents of two different countries. In most countries, these represent a significant share of the gross domestic product (GDP). While international trade has been present throughout much of history, its economic, social and political importance increased in recent centuries, mainly because of industrialization, advanced transportation, globalization, multinational corporation and outsourcing.

At the level of Central Government international trade is administered by the Ministry of Commerce and Industry. The mandate of the Department of Commerce is development, promotion and regulation of India's international trade and commerce through formulation of appropriate policies and implementation of the various provisions thereof. The role is to facilitate creation of an enabling environment and infrastructure for accelerated growth of exports and trade. The Department formulates, implements and monitors the quinquennial Foreign Trade Policy (FTP) which provides the basic framework of policy and strategy for promoting exports and trade. FTP is periodically reviewed to incorporate changes necessary to take care of emerging economic scenarios both in the domestic and international economy. The long-term vision of the Department is to make India a major player in world trade by 2020, and assume a role of leadership in the international trade organizations commensurate with India's growing economic and demographic profile. FTP (2009-14) envisages doubling India's exports of goods and services by 2014, and sets a long term goal of doubling India's share in global trade by the end of 2020 through appropriate policy support

### SHARE IN WORLD TRADE

A significant boost to India's trade in the late twentieth century resulted in the country getting the tag of an "emerging economy." According to a report published by the World Trade Organization (WTO) in May 2007, India's share in the global market for merchandise and services rose from 1.1% in 2004 to 1.5% in 2006. Commerce and Industry Department expects this figure to cross 2.5% in 2012

### TABLE-I

Particulars	Exports 2001 2010	Imports 2001 2010
Agriculture Products	1.1 1.4	0.7 1.2
Food	1.3 1.4	0.5 1.0
Manufactured Products	0.7 1.3	0.5 1.3
Iron & Steel	0.9 1.9	0.5 2.3
Chemicals	0.7 1.3	0.8 1.8
Pharmaceuticals	1.0 1.3	**
Telecom Equipments	* 0.7	0.2 2.0
Automotive Products	0.1 0.6	**
Textiles	3.5 4.3	**
Clothing	3.0 3.6	**
Transport Services	0.6 1.5	2.1 4.2
Commercial Services	- 3.7	- 2.4

\* Negligence

Table- I depicts India's share in world trade (%) in the last few years. Table explains exports and imports from India during the period 2001 to 2010. It reveals the increasing trend in the exports and imports during this period.

### PERFORMANCE OF INDIA

As per the information from Ministry of Commerce and Industry. Govt of India, Cumulative value of India's exports for the period April-December 2010 was US \$ 164707 million (Rs 751633 crore) as against US \$ 127182 million (Rs. 608882 crore) registering a growth of 29.5 per cent in Dollar terms and 23.4 per cent in Rupee terms over the same period last year. Cumulative value of India's imports for the period April-December, 2010 was US \$ 246724 million (Rs. 1126513 crore) as against US \$ 207315 million (Rs. 991605 crore) registering a growth of 19.01 per cent in Dollar terms and 13.61 per cent in Rupee terms over the same period last year. Oil imports during April-December, 2010 were valued at US \$ 72554 million which was 17.7 per cent higher than the oil imports of US \$ 61661 million in the corresponding period last year. Non-oil imports during April - December, 2010 were valued at US\$ 174170 million which was 19.58 per cent higher than the level of such imports valued at US\$ 145654 million in April - December, 2009. The trade deficit for April - December, 2010 was estimated at US \$ 82017 million which was higher than the deficit of US \$ 80133 million during April -December, 2009.

**TABLE-II**  
**PERFORMANCE OF EXPORTS, IMPORTS AND BALANCE OF TRADE**

Values in US\$ Million

Sr. No.	Year	Exports	% Growth	Imports	% Growth	Trade Balance
1	2004-05	83,536	30.85	111,517	42.70	-27,981
2	2005-06	103,091	23.41	149,166	33.76	-46,075
3	2006-07	126,414	22.62	185,735	24.52	-59,381
4	2007-08	163,132	29.05	251,654	35.49	-88,522
5	2008-09	185,295	13.59	303,696	20.68	-118,401
6	2009-10	178,751	-3.53	288,373	-5.05	-109,621
7	2009-10 (Apr-Dec)	127,182		207,315		-80,133
8	2010-11 (Apr-Dec)	164,707	29.5	246,724	19.1	-82,017

Table-II depicts India's exports, imports and trade balance in the last few years. From the table, it is clear that the exports of India, which stood at US\$ 83,536 million in 2004-05, gradually increased to US\$ 178,751 million in 2009-10. India's exports growth declined to -3.53% in 2009-10. India's imports stood at US\$ 111,517 million in 2004-05 to US\$ 288,373 million in 2009-10.

During 2010-11 (Apr-Dec) exports reached a level of US\$ 164.7 billion registering a growth of 29.5 per cent with almost all the major commodity groups making positive growth. Only seven (7) commodities showed negative growth viz. Tea (1.95), Cashew (7.73), Fruits & Vegetables (28.03), Iron Ore (93.14), Computer Software (92.73), Petroleum Products (13.50) and Handicrafts (excl. Handmade carpets) (56.90).

Imports during 2009-10 were US\$ 288.4 billion as against US\$ 303.7 billion during 2008-09 registering a negative growth of 5.1 per cent in Dollar terms. Oil imports were valued at US\$ 87.1 billion which was 6.5 per cent lower than those valued at US\$ 93.2 billion in the previous year. Non-oil imports were US\$ 201.2 billion which was 3.4 per cent higher than non-oil imports of US\$194.6 billion in the previous year. During 2009-10 trade deficit declined marginally as there was a mild recovery in exports and a marginal decline in imports.

The trade deficit in 2009-10 was US\$ 109.6 billion which was lower than the deficit of US\$ 118.4 billion during 2008-09. Performance of Exports, Imports and Balance of Trade in Rupees during 2004-05 to 2010-11 (April-Dec) is given in the Table II

India's merchandise exports reached a level of US\$ 178.7 billion during 2009-10 registering a negative growth of 3.5 percent as compared to a growth of 13.6 percent during the previous year. Notwithstanding the deceleration of the growth in 2009-2010, India's export sector has exhibited remarkable resilience and dynamism in recent years.

India's exports have not been affected to the same extent as that of other economies of the world during the phase of global slowdown. After declining consistently for the first seven months of the year 2009-10, India's exports reversed the trend in October, 2009 by registering a positive growth of 3.4%. The upward trend has been maintained since then wherein exports grew at the rate of 30.0 % in November 2009; 20.3% in December, 2009, 18.7% in January, 2010, 34.8% in February, 2010; 54.1 % in March 2010, 38.5 % in April 2010, 30.1 % in May 2010, 43.8% in June 2010, 11.7 % in July 2010, 22.5% in August 2010, 23.2 % in September 2010, 21.3% in October, 2010, 26.5% in November 2010 and 36.4% in December 2010. (Table 2.1) The extent of sustained recovery of exports would ultimately depend on the strength of the recovery of global demand

As per the latest information by the Ministry of Commerce and Industry, India's Exports during March, 2012 were valued at US\$ 28681.95 million (Rs.144331.29 crore) which was 5.71 per cent lower in Dollar terms (5.46 per cent higher in Rupee terms) than the level of US\$ 30418.50 million (Rs. 136857.10) during March, 2011. Cumulative value of exports for the period April-March 2011 -12 was US\$ 303718.70 million (Rs. 1454065.61 crore) as against US\$ 251136.19 million (Rs.1142921.92 crore) registering a growth of 20.94 per cent in Dollar terms and 27.22 per cent in Rupee terms over the same period last year.

India's exports for the months of April 2012 have registered a growth of 3.2%, at US \$ 24.50 billion. Commerce department informed that during April 2012 the imports were US \$ 37.9 billion with a growth of 3.8% and a Balance of Trade stood at US \$ (-)13.4 billion, during the same period. During April 2012, the following sectors have done well with regard to exports- engineering, (US \$ 5.2 billion) which registered the growth of 14.2%; electronics exports grew by 5.4% (US \$ 0.6 billion); Drugs and pharmaceuticals 33% (US \$ 1.1 billion );leather 3.2% (US \$ 0.3 billion); Basic Chemicals 11.4% (US\$0.9 billion); Marine products 21% (US& 0.2 billion) Cotton yarn and fabric made-up (-)20.4% (US \$ 0.49 billion) ; Gems & Jewellery decline by (-) 25.7% (US \$ 2.6 billion);

#### CONCLUSION

Foreign trade is important for the development of the Indian economy. Foreign trade increases the scope of market because of domestic demand and foreign demand for the product. Foreign trade helps to produce those commodities which have a comparative cheaper cost than others. It results in less cost of production in producing a commodity. If all the countries adopt this procedure to produce these goods in which they have less comparative cost, it will lead to availability of goods at a lower price. Foreign trade helps the people to get different varieties of goods both in quantities terms and qualitative terms. . So that foreign trade has got an important place in every country.

#### REFERENCES

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