

CHAPTER 18

TRADE

Export-led growth has become a key thrust for the trade in India. The export basket has undergone major compositional changes in recent years with fall in the shares of manufactures and gain the share petroleum crude and petroleum products. The composition of import basket also changed. The share of food and allied products imports hovered between 2-4 percent. The share of fuel import remained at about 33percent. The most noticeable change is the sudden increase of share of capital goods import in the recent years

The directional pattern of India's trade after changing in the first half of this decade with the share of the top 15 trading partners increasing moderately in 2007-08 compared to 2000-01, has not changed much after that with the top 15 countries continuing to hold the share of around 60 per cent even in 2009-10 and 2010-11 (April-September). An interesting development in the direction of India's trade is that the USA which was in first position in 2007-08 has been relegated to the third position in 2008-09, with the UAE becoming India's largest trading partner, followed by China. This position continued in 2009-10. This is mainly due to India's exports and imports of gems and jewellery items followed by POL. In 2009-10, exports to the UAE were higher than imports, while India's exports to China are lower than imports.

Among its top 15 trading partners, India had bilateral trade surplus with five countries, namely the UAE, USA, Singapore, the UK, and Hong Kong in 2009-. India's trade deficit with the USA and Singapore in 2007-08, turned into trade surplus thereafter. The UAE has displaced the USA as the topmost destination of India's exports in 2008-09 and 2009-10 with an export share of 13.2 per cent and 13.4 per cent respectively.

The data for Imports, Exports and Re-exports given are according to the Indian Trade Classification Revision-2 adopted from April, 1977 and followed upto March, 1987. From April 1987, a new system of commodity classification known as Indian Trade Classification (based on Harmonised Commodity description and coding system) was adopted. From the trade point of view to specify the new commodities, omission of obsolete and unimportant products and modification of existing nomenclature, it has been revised time to time (i.e. in the year 1991, 1992, 1996, 2003 etc.). From April, 2008 onwards ITC (HS) 2007 is followed.

The Directorate General of Commercial intelligence and Statistics, Kolkatta under the Ministry of Commerce, Government of India, is the pioneer official organization for collection compilation and dissemination of India's trade Statistics and Commercial information. These statistics are compiled on a very comprehensive basis, covering a very large number of products, and extremely useful in undertaking region wise, country wise, product wise studies on the prospects of foreign trade.

Unit Value Price Index

A unit value import, export index is an index, which measures the change in the average cost of imported and exported goods. The unit value index allows us to identify those categories of goods, which are primarily responsible for the overall increase in the cost of total imports/exports into the economy. Unit values are subject to the effect of changes over time in quality, product mix and markets or sources of supply for a commodity item in addition to pure price changes.

Quantum Index is calculated by dividing the Export/Import Value by the Unit Price Index (with the base year as 100). The Quantum Index is considered to represent the integrated trading volume by taking the weighted average of indexes of traded items.

Highlights

- The balance of trade, that is the difference between the value of total export and total import continues to be – ve in 2009-10 signifying the value of import is more than the value of export and the relevant figures from 2000-01 show that the gap between the value of total export and total import is widening over the years.
- During the period between 2000-01 to 2009-10, while the total value of import increased from ` 230873 Crore to ` 1383736 Crore showing nearly 6 times increase, the total value of export increased from ` 203571 crore to ` 845534 crore showing an increase of little more than 4 times.
- During, 2009-2010, most of the commodities/commodity groups registered significant increase in imports over the previous year. In the case of prepared foodstuff beverages and tobacco the import increased by nearly 3 times, import of Animal or vegetable fats, oils and related products increased by 66%, import of vegetable products increased by more than 40%, import of Pearls or semi precious Stones etc increased by 11%. The commodities/ commodity groups which registered a fall in the import are Mineral Products, products of the Chemical or Allied Industries, Stones, Cement and similar Materials etc.
- Out of the total import bill of ` 1363735 Crores in 2009-10, China alone accounted for ` 146049 Crore which is nearly 11%. Followed by United Arab Emirates 7%, Saudi Arabia 6%, USA 6%.
- In the case of Exports, while India's total export is estimated at ` 845534 Crore which is only around 60% of the import bill in 2009-10, the Largest export partner is United Arab Emirates which accounted for more than 13% of the total export followed by USA 11%, and China 6%.

- During 2009-10, the import of Petroleum, Petroleum products and related Materials was ₹ 411649 Crores which was more than 30% of total import followed by import of electronic goods 7% and Non electrical machinery 6.5%.
- During 2009-10 out of the total export of ₹ 845534 Crore, the largest amount was export of Gems and Jewelry which is for ₹ 137568 Crores, 16% of the total export followed by export of Petroleum and Crude products 15.7%

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