

|| Chapter - 4 ||
Foreign Trade



CHAPTER 4

Foreign Trade

Trade and Prices

Many challenges are faced by the developing countries and the international community including ensuring, through national and international measures, that energy is (a) accessible to households and industries; (b) affordable for all, especially the poor; (c) sustainably produced and consumed; and (d) available for promoting development locally and globally.

These challenges coupled with the imperative to mitigate climate change, i.e. “decarbonization” of energy generation and use by households and industries, further intensifies high volatility present in the international energy market, and thus impacts energy importers/exporters countries equally.

Countries need to encourage a more efficient management of energy resources, coupled with an accelerated growth of renewable and sustainable sources of energy. The need of the hour, thus, being an increased investment, development of necessary infrastructure and also improvement in trade regimes in order to achieve self-sufficiency in terms of import dependency.

To holistically mitigate the effects of the situation, Energy policies in India in the recent years have been designed to address the country’s growing energy deficit and to focus on developing alternative sources of energy, particularly nuclear, solar, and wind energy. India has been focusing on reducing its’ dependence on energy imports and diversifying its energy basket. The aim is to achieve Energy security - the continuous availability of energy in varied forms, in sufficient quantities, at reasonable prices, to fuel economic growth in the coming years. Moreover, the international community should promote an enabling environment for the development and utilization of financing mechanisms for exchange of new energy technology and infrastructure for an enabling environment in this sector to thrive.

Highlights

- There has been an increasing trend in the net import of coal in the recent years. Net Import of coal steadily increased from 100.84 MTs in 2011-12 to 216.54 MTs in 2014-15. This was followed by a marginal decline in the succeeding 2 years but again have started increasing. However, during 2020-21, there is a sharp decline of over 14% in the Net Import of Coal w.r.t the FY: 2019-20. During FY:2020-21(P), the net-Import of Coal came out to be 212.31 MTs as compared to 247.51 MTs during FY:2019-20.
- India is also highly dependent on imports of crude oil to meet domestic consumption. Imports of crude oil have increased from 171.73 MTs during 2011-12 to 226.95 MTs during 2019-20. But during FY: 2020-21 the same has been reduced to 198.11 MTs, a reduction of 13% over the FY: 2019-20. The overall CAGR of Net imports of crude oil in the last ten years from 2011-12 to 2020-21(P) has seen to have a growth rate of 1.60%.
- India is an exporter of Petroleum Products. The export of petroleum products has increased from 60.84 MT during 2011-12 to 65.69 MT during 2019-20. But during FY:2020-21 the same has been reduced to 56.76 MTs and because of the same the CAGR of exports of petroleum products from 2011-12 to 2020-21(P) is (-)0.77%.
- The import of Natural Gas has experienced a steady increase over time. From a figure of 18 BCM (Billion Cubic Meter) during 2011-12 to 33.89 BCM during 2019-20 i.e., an increase of over 88% in a span of 8 years. However, the same stood at 32.86 BCM for the year 2020-21(P) as compared to 33.89 BCM in the 2019-20 recording a decline of (-)3.03%. However, the CAGR of import of natural gas between 2011-12 and 2020-21(P) is having a positive growth rate of 6.92%.
- India's exports of electricity started rising as compared to gross imports since 2016-17. The export of electricity has increased from 135 GWh in 2011-12 to 9426 GWh in 2020-21(P) with a CAGR of 60.32%. However, the export of electricity has slightly declined from previous year (2019-20) when 9491 GWh was available for exports.

Fig 4.1: Trends of Import of Coal, Crude oil, Petroleum products in India

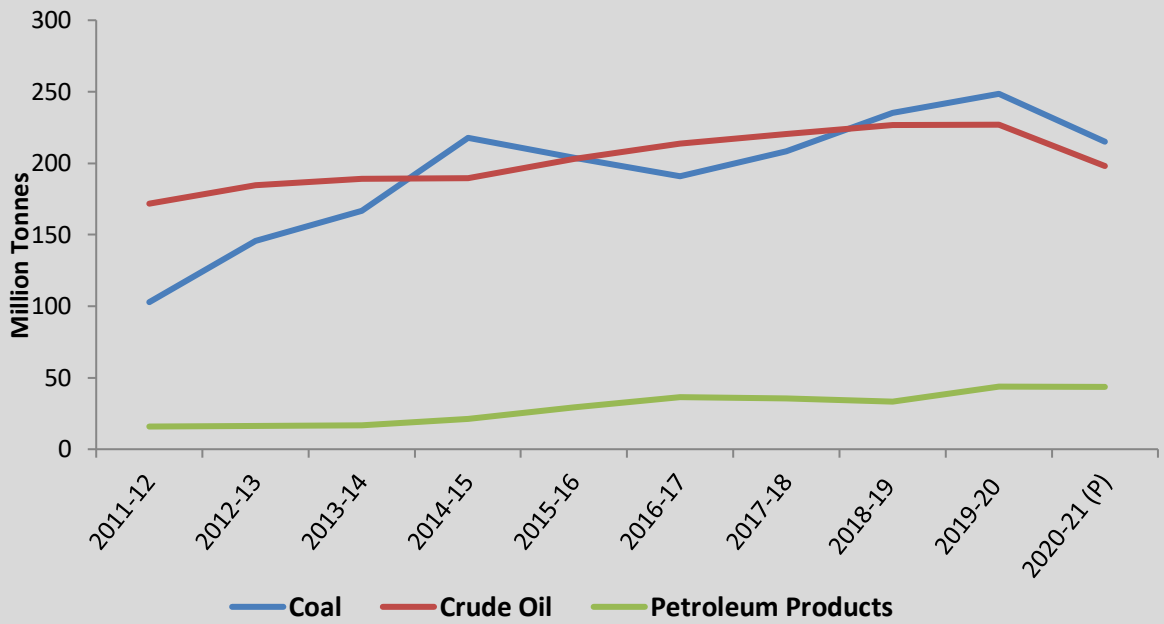


Fig 4.2: Trend of Import of Natural Gas and Electricity in India

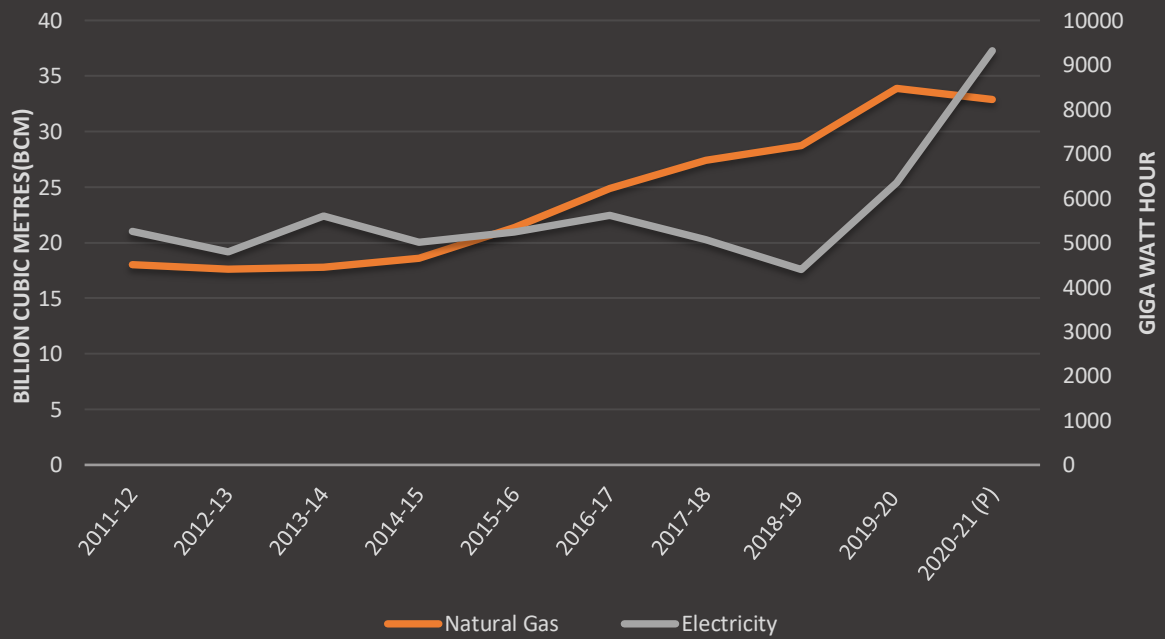


Table 4.1: Yearwise Foreign Trade in Coal, Crude Oil, Petroleum Products, Natural Gas and Electricity

(Million Tonnes)

Year	Coal			Crude Oil			Petroleum Products		
	Gross Imports	Exports	Net Imports	Gross Imports	Exports	Net Imports	Gross Imports	Exports	Net Imports
1	2	3	4=(2)-(3)	5	6	7=(5)-(6)	8	9	10=(8)-(9)
2011-12	102.85	2.01	100.84	171.73	0.00	171.73	15.85	60.84	-44.99
2012-13	145.79	2.44	143.34	184.80	0.00	184.80	16.35	63.41	-47.05
2013-14	166.86	2.19	164.67	189.24	0.00	189.24	16.70	67.86	-51.17
2014-15	217.78	1.24	216.54	189.43	0.00	189.43	21.30	63.93	-42.63
2015-16	203.95	1.58	202.37	202.85	0.00	202.85	29.46	60.54	-31.08
2016-17	190.95	1.77	189.18	213.93	0.00	213.93	36.29	65.51	-29.23
2017-18	208.25	1.50	206.75	220.43	0.00	220.43	35.46	66.83	-31.37
2018-19	235.35	1.31	234.04	226.50	0.00	226.50	33.35	61.10	-27.75
2019-20	248.54	1.03	247.51	226.95	0.00	226.95	43.79	65.69	-21.90
2020-21 (P)	215.25	2.95	212.31	198.11	0.00	198.11	43.48	56.76	-13.28
Growth rate of 2020-21 over 2019-20(%)	-13.39	186.00	-14.22	-12.71	-	-12.71	-0.70	-13.58	-39.34
CAGR 2011-12 to 2020-21 (%)	8.55	4.31	8.62	1.60	-	1.60	11.87	-0.77	-12.68

Table 4.1 (Contd): Yearwise Foreign Trade in Coal, Crude Oil, Petroleum Products, Natural Gas and Electricity

Year	Natural Gas (BCM)			Electricity(Gwh)		
	Gross Imports	Exports	Net Imports	Gross Imports	Exports	Net Imports
1	11	12	13	14	15	16
2011-12	18.00	0.00	18.00	5253	135	5118
2012-13	17.61	0.00	17.61	4795	154	4641
2013-14	17.80	0.00	17.80	5598	1651	3947
2014-15	18.61	0.00	18.61	5008	4433	575
2015-16	21.39	0.00	21.39	5244	5150	94
2016-17	24.85	0.00	24.85	5617	6710	-1093
2017-18	27.44	0.00	27.44	5072	7203	-2131
2018-19	28.74	0.00	28.74	4396	8469	-4073
2019-20	33.89	0.00	33.89	6351	9491	-3140
2020-21 (P)	32.86	0.00	32.86	9318	9426	-108
Growth rate of 2020-21 over 2019-20(%)	-3.03	-	-3.03	46.73	-0.68	-96.56
CAGR 2011-12 to 2020-21 (%)	6.92	-	6.92	6.58	60.32	-

(P): Provisional.

Sources:

1. Office of Coal Controller, Ministry of Coal,
2. Ministry of Petroleum & Natural Gas.
3. Central Electricity Authority