

# A Study on Comparison of Export Trends of India Over a Decade

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## Abstract

Export is indispensable for the growth of economy as it leads to the earning of valuable foreign exchange which helps in the growth of the economy. More growth of the economy leads to more prosperous nation. Exports have evolved a lot since independence. Indian exports have increased from US \$ 1.3 billion in 1950-51 to US \$ 312.61 billion during 2013-14. Since independence, India has shown significant increase in exports from 3-4% in 1960s to 5-6% in 1980s then about 7% in 1990s. Merchandise exports recorded a Compound Annual Growth Rate (CAGR) of 15.79 per cent from 2004-05 to 2013-14. According to the annual report on foreign trade by ministry of commerce, India is projected to grow at 6.5% for the year 2016. This paper aims to identify the shift in the trends of export in terms of commodities exported and countries of export over a period of time. The world economy is still in the shock of US subprime crisis and the Euro crisis but India has shown an appreciable growth trend.

## Keywords

Trade deficit, Exports, Export promotion schemes, Commodities

## I. Introduction

Indian exports before independence was limited to traditional exports which further diversified in to electronics and engineering goods and services. Exports in December, 2015 were at US\$ 22297.48 million which was 14.75 per cent lower in Dollar terms than the level of US\$ 26154.46 million (Rs. 164127.08 crore) during December, 2014. Cumulative value of exports for the period April December 2015-16 was US\$ 196603.94 million as against US\$ 239928.91 million registering a negative growth of 18.06 per cent in Dollar terms and 12.67 per cent in Rupee terms over the same period last year [1]. The global slowdown had its impact on the economy of most of the countries, including India. As a result, the trade deficit abruptly increased from 356448 crores in 2007-08 to 533681 crores in 2008-09, an increase by almost 50 %. Major concern is thought the exports are rising but the trade deficit is also increasing which is widening the gap between exports and imports. The paper focuses on the comparison of the trend in exports by comparing the export in the year 2001 with that of 2014 year.

## II. Literature Review

India's economic policies have undergone major reforms since the early 1990s. Before that, government regulation and control of economic activity was pervasive, and the trade sector did very poorly [2]. Exports play an eminent role in the economic growth of the country and India has been growing rapidly in terms of GDP and export growth [3]. Evidence from both advanced and emerging economies has converged to show that on average exporting firms tend to be more productive relative to their counterparts which remain focused on the domestic market [4]. IMF research has suggested that the developing economies will grow by 4.9 percent in 2014 while developed economies will grow at only 2.2 percent which shows that there still lot

of potential in the developing countries like India [5]. Trade deficit also improved in the year 2014 to US \$ 137.46 billion as compared to US \$ 190.34 billion deficit during 2012-13 [6]. Various export promotion measures have also been taken by the government in the foreign trade policy. Infrastructure of Rail, Road and Air has also improved over a period of time which has helped in the smooth functioning of the export process. Single window clearance has also led to significant growth in exports over time. Various schemes like MDA, MAI has also helped exporters in achieving growth in exports. Export promotion councils are playing proactive role in the promotion and supporting exporters. By identifying new markets, to assist exporters financially in providing grants by giving them opportunity in conducting market surveys, sponsoring overseas travel for the exhibitions, buyer seller meets. Many products like Granite, Natural stones and products, Processed minerals, bulk minerals and ores, Rubber products, Auto tyres and tubes, Paints, Glassware, ceramics, plywood, cement products, paper products, books, publications & printing, Animal byproducts, Graphite, explosives and accessories and miscellaneous products. Exports of services represent a relatively large share of GDP in many developed countries, but also in India, some East Asian economies, and a number of African countries. The steep fall in imports and growth in exports for the year 2013-14 resulted in a decrease in India's trade deficit by 27.8 per cent [7]. While countries such as Canada, Germany, Italy, Japan United States, China, etc., are extending credit aggressively in financing, India is losing its position. Therefore, there is a need to strengthen export credit facilities in India and also make it less costly [8]. "the share of India's merchandise exports in the world exports has increased from 0.5 per cent in 1991 to 0.8 per cent in 2004 and 1.7 per cent in 2013. India's greater integration with the world economy was reflected by the trade openness indicator" In 2014-15 (April-July), trade deficit fell by 24.4 per cent mainly due to the fall in gold and silver imports. After falling almost continuously for 11 months, trade deficit rose marginally by 4.3 per cent in June 2014, but again fell marginally in July 2014 by 2.1 per cent.

### III. Comparison of Exports from 2001 and 2014

India's First 10 Product Groups and First 10 Countries ( 10x10 Matrix) Matrix of Export for the Period Apr-2000 to Mar-2001(US \$ million)													
Commodity/Country	1	2	3	4	5	6	7	8	9	10	Sub total of Export of 10 Countries	Total Export of Commodity	%Share of commodity in India's total
	U S A	HONG K ONG	U ARAB EMTS	U K	GERMAN Y	UNSPEC IFIED	JAPAN	BELGIU M	ITALY	FRANCE			
1 GEMS & JEWELLARY	2,728.93	1,744.99	439.97	144.48	76.60	0.45	385.71	908.88	32.15	32.45	6,494.62	7,384.01	16.75
2 RMG COTTON INCI	1,294.65	10.02	373.11	291.06	264.23	0.23	85.86	41.57	109.88	258.83	2,729.45	3,927.10	8.91
3 COTTON YARN FABRICS	531.67	204.24	110.78	195.56	142.35	0.07	108.68	78.47	151.80	72.82	1,596.44	3,460.69	7.85
4 DRUGS,PHRMC LITES & FINE	215.66	96.92	27.66	53.37	94.06	0.04	30.57	12.87	33.91	20.82	585.88	1,916.95	4.35
5 PETROLEUM (CRUDE &	1.45		30.08	0.16	0.01	1,825.65	8.26		1.82	2.81	1,870.23	1,892.43	4.29
6 MACHINERY AND	233.27	19.70	109.21	128.11	117.54	0.40	28.44	20.49	38.64	32.39	728.19	1,580.11	3.59
7 MANUFACTURE S OF METALS	380.85	20.46	176.84	145.31	57.51	0.16	12.50	15.00	24.63	19.82	853.09	1,577.74	3.58
8 MARINE PRODUCTS	238.96	23.98	71.17	60.92	11.79	0.00	509.86	19.54	29.37	16.58	982.18	1,393.76	3.16
9 MANMADE YARN FABRICS	35.53	7.07	166.26	68.35	22.49	0.02	7.65	36.64	61.65	19.68	425.34	1,058.49	2.4
10 ELECTRONIC GOODS	182.71	148.24	42.48	53.92	31.29	0.36	29.85	12.74	12.63	15.59	529.82	1,051.48	2.39
<b>Sub-total Export of 10 Commodity</b>	<b>5,843.69</b>	<b>2,275.62</b>	<b>1,547.57</b>	<b>1,141.23</b>	<b>817.89</b>	<b>1,827.38</b>	<b>1,207.40</b>	<b>1,146.20</b>	<b>496.48</b>	<b>491.79</b>	<b>16,795.23</b>	<b>25,242.75</b>	
<b>Total Export of Country</b>	<b>9,236.48</b>	<b>2,631.30</b>	<b>2,582.05</b>	<b>2,272.02</b>	<b>1,884.35</b>	<b>1,829.63</b>	<b>1,779.30</b>	<b>1,453.63</b>	<b>1,297.39</b>	<b>1,015.22</b>	<b>25,981.37</b>	<b>44,075.54*</b>	
% Share of country in India's total Export	20.96	5.97	5.86	5.15	4.28	4.15	4.04	3.3	2.94	2.3	58.95		

Source: DGCIS

The table shows that export of the top 10 commodities for the year 2000-2001 which shows that US has been a top importer of India in most of the commodities while rest are Hongkong, UAE, UK and Germany on the top. India has been a major exporter of gems and jewellery followed by Readymade garments, Cotton fabrics, petroleum products machinery and electronics in the top list. Transport equipment

India's First 10 Product Groups and First 10 Countries ( 10x10 Matrix) Matrix of Export for the Period Apr-2013 to Mar-2014 (US \$ million)													
Commodity/Country	1	2	3	4	5	6	7	8	9	10	Sub total of Export of 10 Countries	Total Export of Commodity	%Share of commodity in India's total Export
	U S A	U ARAB EMTS	CHINA P RP	HONG K ONG	SINGAP ORE	SAUDI ARAB	UNSPEC IFIED	U K	NETHER LAND	GERMAN Y			
1 PETROLEUM (CRUDE &	3,917.24	4,179.39	1,019.81	25.70	7,337.05	6,809.61	5,605.66	1,097.27	3,792.06	34.55	33,818.33	63,177.46	20.09
2 GEMS & JEWELARY	7,842.17	12,778.81	125.52	11,141.56	533.28	23.12	1,895.79	436.54	21.83	116.83	34,915.45	41,692.21	13.26
3 TRANSPORT EQUIPMENT	1,499.64	2,455.30	531.48	17.36	1,964.31	381.55	5.97	975.01	355.42	397.36	8,583.39	21,421.23	6.81
4 MACHINERY AND	2,074.28	757.75	507.84	99.77	433.06	555.38	20.10	755.03	195.51	816.87	6,215.59	16,176.84	5.15
5 DRUGS,PHR MC LITES &	4,022.41	118.30	121.28	40.79	122.90	34.81	222.08	524.41	254.37	460.64	5,921.99	15,240.72	4.85
6 OTHER COMMODITIE	1,402.74	1,089.64	210.01	19.47	214.20	96.92	3,198.91	286.67	98.74	279.11	6,896.41	10,104.09	3.21
7 MANUFACTURE RES OF	1,821.88	1,182.56	103.58	19.72	109.78	366.74	4.26	576.46	207.63	556.56	4,949.17	9,689.70	3.08
8 RMG COTTON	2,237.38	710.90	42.57	57.65	32.27	193.59	9.29	1,071.14	346.83	865.93	5,567.55	9,077.24	2.89
9 COTTON YARN FABRI	1,512.73	165.43	1,931.04	157.65	7.37	28.24	19.50	194.63	64.75	231.72	4,313.06	8,910.35	2.83
10 ELECTRONIC GOODS	1,045.20	944.18	342.32	211.13	312.73	159.82	155.82	246.00	462.90	342.70	4,222.81	7,630.55	2.43
<b>Sub-total Export of 10 Commodity</b>	<b>27,375.67</b>	<b>24,382.25</b>	<b>4,935.45</b>	<b>11,790.79</b>	<b>11,066.94</b>	<b>8,649.78</b>	<b>11,137.39</b>	<b>6,163.16</b>	<b>5,800.05</b>	<b>4,102.27</b>	<b>115,403.74</b>	<b>203,120.40</b>	
<b>Total Export of Country</b>	<b>39,158.02</b>	<b>30,520.42</b>	<b>14,867.10</b>	<b>12,731.74</b>	<b>12,511.00</b>	<b>12,218.96</b>	<b>11,428.36</b>	<b>9,821.65</b>	<b>7,997.60</b>	<b>7,522.72</b>	<b>158,777.58</b>	<b>314,405.30*</b>	
% Share of country in India's total Export	12.45	9.71	4.73	4.05	3.98	3.89	3.63	3.12	2.54	2.39	50.5		

Source DGCIS

In 2014 there has been a shift if compared to the trend of 2001, It clearly shows that Petroleum has been the major commodity being exported while in 2000-01 it was only \$ 1.45 US million while in 2014 it is US \$ 3917.24. US is not major importer country now. Other countries like UAE, Singapore, Netherlands, China have come into the picture. Gems and Jewellery has always been on the top commodity being exported. Share of export by India to US has decreased from 20% in 2000-01 to 12.45% in 2013-14. Total of export to top 10 countries correspond to 50% of the total export being done by India.

Top 10 Countries of Export(Values in US\$ Millions)					
Rank	Country	Apr-Mar 2000	Apr-Mar 2001	%Growth	%Share
1	U S A	8,383.64	9,236.48	10.17	20.96
2	HONG KONG	2,490.53	2,631.30	5.65	5.97
3	U ARAB EMTS	2,079.06	2,582.05	24.19	5.86
4	U K	2,031.76	2,272.02	11.83	5.15
5	GERMANY	1,733.17	1,884.35	8.72	4.28
6	UNSPECIFIED		1,829.63		4.15
7	JAPAN	1,683.41	1,779.30	5.7	4.04
8	BELGIUM	1,338.69	1,453.63	8.59	3.3
9	ITALY	1,118.99	1,297.39	15.94	2.94
10	FRANCE	893.11	1,015.22	13.67	2.3
	<b>Total</b>	<b>36,714.80</b>	<b>44,075.53</b>	<b>20.05</b>	<b>100</b>

Source DGCIS

The table shows that India is the major country of export to US with share of Indian exports accounting to US was 20.56%. While other countries share in the export is at far below level of 5%.

Top 10 Countries of Export(Values in US\$ Millions)					
Rank	Country	Apr-Mar 2013	Apr-Mar 2014	%Growth	%Share
1	U S A	36,160.84	39,158.02	8.29	12.45
2	U ARAB EMTS	36,316.65	30,520.42	-15.96	9.71
3	CHINA P RP	13,579.51	14,867.10	9.48	4.73
4	HONG KONG	12,279.20	12,731.74	3.69	4.05
5	SINGAPORE	13,619.31	12,511.00	-8.14	3.98
6	SAUDI ARAB	9,785.84	12,218.96	24.86	3.89
7	UNSPECIFIED	5,332.69	11,428.36	114.31	3.63
8	U K	8,649.24	9,821.65	13.56	3.12
9	NETHERLAND	10,566.46	7,997.60	-24.31	2.54
10	GERMANY	7,253.38	7,522.72	3.71	2.39
	<b>Total</b>	<b>300,400.57</b>	<b>314,405.29</b>	<b>4.66</b>	<b>100</b>

Source DGCIS

The data showing the export of top 10 commodities show that the percentage of export to US has fallen over time and Indian exports clearly shows a shift of trend to eastern countries which justifies the government's Look east policy. As the countries like China, Singapore, Saudi Arabia has been included in the Top 10 countries which were not there in 2000-01.

Export of Principal Commodities Groups(Values in US\$ Millions)				
Commodity	Apr-Mar 2000	Apr-Mar 2001	%Growth	%Share
A) PLANTATION	742.98	650.9	-12.39	1.48
B) AGRI & ALLIED PRDTS	3,664.67	3,880.15	5.88	8.8
C) MARINE PRODUCTS	1,182.61	1,393.76	17.85	3.16
D) ORES & MINERALS	916.12	1,152.99	25.86	2.62
E) LEATHER & MNFRS	1,590.22	1,944.44	22.27	4.41
F) GEMS & JEWELLERY	7,502.29	7,384.01	-1.58	16.75
G) SPORTS GOODS	66.96	64.62	-3.49	0.15
H) CHEMICALS &RELATED PRODUCTS	4,912.17	6,177.07	25.75	14.01
I) ENGINEERING GOODS	4,386.01	5,673.08	29.34	12.87
J) ELECTRONIC GOODS	726.68	1,119.94	54.12	2.54
K) PROJECT GOODS	39.39	25.59	-35.03	0.06
L) TEXTILES	9,169.34	10,693.60	16.62	24.26
M) HANDICRAFTS	668.63	661.51	-1.07	1.5
N) CARPETS	645.09	581.68	-9.83	1.32
O) COTTON RAW INCL WASTE	17.79	48.39	172.07	0.11
P) PETROLEUM PRODUCTS	29.98	1,892.43	6,212.41	4.29
Q) UNCLASSIFIED EXPORTS	453.9	731.38	61.13	1.66
Total	36,714.81	44,075.53	20.05	100

Data Source: DGCIS,

By dividing all the commodities into various sections, it came out that textiles were the major sector contributing to Indian exports i.e. accounting for US \$ 10,693.60 million contributing to 24% of exports share among all the sectors. Other major sectors contributing to the export growth were Gems and Jewellery, Chemical related products and engineering products. Petroleum products were contributing to only 4% of exports but comparing to the previous year the growth percentage is 6,212.41 which is tremendous.

Export of Principal Commodities Groups (Values in US\$ Millions)				
Commodity	Apr-Mar 2013	Apr-Mar 2014	%Growth	%Share
A) PLANTATION	1,732.10	1,597.56	-7.77	0.51
B) AGRI & ALLIED PRDTS	32,017.27	32,387.02	1.15	10.3
C) MARINE PRODUCTS	3,464.08	5,016.46	44.81	1.6
D) ORES & MINERALS	5,631.33	5,631.34	0	1.79
E) LEATHER & MNFRS	4,882.35	5,714.05	17.03	1.82
F) GEMS & JEWELLERY	43,344.85	41,692.21	-3.81	13.26
G) SPORTS GOODS	206.62	236.45	14.44	0.08
H) CHEMICALS & RELATED PRODUCTS	41,504.68	43,994.76	6	13.99
I) ENGINEERING GOODS	56,796.94	61,628.81	8.51	19.6
J) ELECTRONIC GOODS	8,442.77	7,703.42	-8.76	2.45
K) PROJECT GOODS	145.97	47.35	-67.56	0.02
L) TEXTILES	26,362.39	30,503.79	15.71	9.7
M) HANDICRAFTS	203.76	278.51	36.69	0.09
N) CARPETS	988.14	1,038.23	5.07	0.33
O) COTTON RAW INCL WASTE	3,747.73	3,637.53	-2.94	1.16
P) PETROLEUM PRODUCTS	60,859.81	63,177.46	3.81	20.09
Q) UNCLASSIFIED EXPORTS	10,069.88	10,120.34	0.5	3.22
Total	300,400.68	314,405.30	4.66	100

Data Source: DGCIS

While comparing the data of the year 2014 with 2000 it depicts that Petroleum products tops the list with 20.09% in exports. Engineering goods are on the top second at US \$ 61,628.81 million with 19.6% share in India's exports, while in 2001 the export value of the goods were US \$ 5,673.08 million. Other major sectors contributing are by Gems and Jewellery sector. Chemical related products and agri related products are also the major sectors contributing to the exports.

#### IV. Conclusion

Though the exports have been growing at a steady rate since 1991 still the trade deficit remains a major concern for the country. Various Export promotion measures, infrastructure improvement, digitization have led to tremendous growth in exports. Many Sectors like Gems and Jewellery, Engineering sector, Chemical related products have been the top contributors since 2001 till now. But few sectors like Petroleum products, Agri and allied products have seen a tremendous increase in the share of exports in India as they were not significantly contributing to the export growth in 2000-01. Secondly in 2000-01 India was mainly dependent on US for the exports with share of 20.96% but over a period of time this share has been reduced to 12.45% and the country is shifting to the countries like China, Singapore, Saudi Arabia which validates the Look East policy of the government of India. Further infrastructure development is required, increased participation from the government is required in terms of various sector specific promotion schemes and aids. Exporters should take the advantage of "Make in India" scheme started by prime minister of India. Research and development needs to be emphasized upon. Optimum utilization of schemes and resources is required

to minimize the trade deficit and make India a productive and prosperous nation.

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