



## India's Global Trade Dynamics: A 20 Years Overview

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**Dynamics of India's global trade have built strong resilience, trade has increased 16 fold from less than USD 100 billion in 2001-02 to more than USD 1600 billion in 2022-23. In the recent years, India has emerged as a beacon of hope in the midst of the turbulent and unpredictable global trade landscape. India has emerged one of the resilient exporters in the global trade trajectory.**

Exports promote growth in a country by expanding markets, generating revenue, driving productivity improvements, and facilitating specializations, making them integral to the country's economic development. On the other hand, imports are necessary to provide access to products, services, and technology that a country may not be able to produce or meet its needs due to limited resources; thus, trade is beneficial as it has multiple linkages.

India operated as a closed economy before 1991, characterized by high average tariffs of over 200% and strict quantitative restrictions on imports. Foreign investment was restricted to ensure Indian ownership in key sectors. However, in the post-liberalization era, Government implemented a more liberal foreign trade policy, progressively removing restrictions and greatly improving India's standing in international trade.

The presence of unrestricted and open trade has stimulated dynamic competition, creativity, and economies of scale, enabling individuals and enterprises to benefit from reduced costs and expanded options. Consequently, billions of individuals worldwide have been able to break free from the limitations of subsistence agriculture and extreme destitution that have defined most of the humanity's existence.

India's new Foreign Trade Policy (FTP) 2023 focuses on Duration, Dynamism, Decentralisation, Direction, and Disaster proofing, aims to create a favorable environment for exporters. This policy will strengthen India's export capacity, taking into account the size of the Indian economy and its manufacturing and service sectors. By promoting and developing each state to integrate with global trade, the FTP 2023 aims to enhance India's competitiveness in global markets, aligning with the vision of becoming "Atmanirbhar" (self-reliant). Moving forward, the government's continued focus on calibrated reforms to facilitate exports will be crucial in achieving the target of USD 2 trillion by 2030 of which USD 1 trillion will come from merchandise exports and one trillion from services exports.

### **Dynamics of India's Exports**

The performance of India's exports over the span of two decades, from 2001-02 to 2020-21, reveals a significant surge. The analysis of India's export dynamics highlights that exports have accelerated from USD 44 billion in 2001-02 to USD 375 billion in 2010-11 and USD 776 billion in 2022-23. The significance of India's exports is increasing in India's economy as exports to GDP ratio has risen from less than 9% in 2001-02 to 22.4% in 2022-23.

### **Pattern of India's exports—growth and exports to GDP ratio**

S.No	Year	Exports to World USD Billion	Y-O-Y growth	Exports to GDP ratio
1	2001-02	43.9	-0.2	8.9
2	2002-03	52.7	20.0	10.3
3	2003-04	63.9	21.3	10.7
4	2004-05	79.6	24.6	11.3
5	2005-06	100.6	26.4	12.2
6	2006-07	124.6	23.9	13.3
7	2007-08	163.1	30.9	13.8
8	2008-09	185.2	13.5	14.6
9	2009-10	274.8	48.4	20.9
10	2010-11	374.5	36.3	22.4
11	2011-12	448.3	19.7	23.9
12	2012-13	448.3	0.0	24.1
13	2013-14	466.2	4.0	24.3
14	2014-15	468.5	0.5	22.9
15	2015-16	416.6	-11.1	19.4
16	2016-17	440.0	5.6	19.2
17	2017-18	499.0	13.4	19.0
18	2018-19	538.0	7.8	19.5
19	2019-20	526.0	-2.2	18.4
20	2020-21	497.0	-5.5	18.6
21	2021-22	676.5	36.1	21.3
22	2022-23	776.0	14.7	22.4

Source: Compiled from PIB, RBI Handbook of statistics and Ministry of Commerce and Industry.

Note: Due to unavailability of data, total exports are inclusive of only merchandise exports from 2001-02 to 2008-09).

### Dynamics of India's Imports

India's imports have been increasing, since 2001-02, the imports have risen from USD 50 billion in 2001-02 to USD 450 billion in 2010-11 and USD 892 billion in 2022-23. The import to GDP ratio was around 10 % in 2001-02 which reached to 25.7% in 2022-23. The post pandemic years have witnessed India's increased indigenous production capabilities, competitiveness and enhanced level playing field in the domestic market along with focus on the Atamirbhar Bharat. The import to GDP ratio seems stagnating in the recent years.

### Pattern of India's imports: growth and imports to GDP ratio

S.No.	Year	Imports from World USD billion	Y-O-Y Growth	Imports to GDP ratio
1	2001-02	50.6	1.2	10.3
2	2002-03	60.2	19.0	11.7
3	2003-04	78.2	29.9	13.0
4	2004-05	106.0	35.5	15.1
5	2005-06	140.2	32.3	17.0
6	2006-07	181.3	29.3	19.3
7	2007-08	251.6	38.8	21.2
8	2008-09	287.7	14.3	22.7
9	2009-10	348.4	21.1	26.5
10	2010-11	450.3	29.3	27.0
11	2011-12	567.6	26.0	30.3
12	2012-13	571.5	0.7	30.7
13	2013-14	529.0	-7.4	27.6
14	2014-15	529.6	0.1	25.9
15	2015-16	465.6	-12.1	21.7
16	2016-17	480.2	3.1	21.0
17	2017-18	583.1	21.4	22.2
18	2018-19	640.1	9.8	23.2
19	2019-20	603.0	-5.8	21.1
20	2020-21	512.0	-15.1	19.1
21	2021-22	760.1	48.5	23.9
22	2022-23	892.2	17.4	25.7

Source: Compiled from PIB, RBI Handbook of statistics and Ministry of Commerce and Industry.

Note: Due to unavailability of data, total exports are inclusive of only merchandise exports from 2001-02 to 2008-09).

### Dynamics of India's total trade World

The value of total trade has surged from less USD 94.5 billion in 2001-02 to around USD 828.8 billion in 2010-11 and 1668.2 billion in 2022-23. The trade to GDP ratio has significantly increased from 19 percent in 2001-02 to 48.1% in 2022-23. In the post pandemic years, the trade trajectory rebounded with a year-on-year growth rate of approximately 29 percent (avg 2021-22 and 2022-23). However, India's trade deficit has increased from around USD 7 billion in 2001-02 to USD 76 billion in 2010-11 and USD 116 billion in 2022-23.

### Pattern of India's trade: growth and trade to GDP ratio

S.No.	Year	Total Trade USD Bn	Y-O-Y growth	Trade to GDP ratio
1	2001-02	94.5	0.5	19.3
2	2002-03	112.9	19.5	22.0
3	2003-04	142.1	25.9	23.7
4	2004-05	185.6	30.6	26.4
5	2005-06	240.8	29.7	29.2
6	2006-07	305.9	27.0	32.6
7	2007-08	414.7	35.6	35.0
8	2008-09	472.9	14.0	37.3
9	2009-10	623.2	31.8	47.4
10	2010-11	824.8	32.3	49.4
11	2011-12	1015.8	23.2	54.3
12	2012-13	1019.8	0.4	54.8
13	2013-14	995.2	-2.4	51.9
14	2014-15	998.1	0.3	48.9
15	2015-16	882.2	-11.6	41.1
16	2016-17	920.2	4.3	40.2
17	2017-18	1082.1	17.6	41.2
18	2018-19	1178.1	8.9	42.6
19	2019-20	1129.0	-4.2	39.5
20	2020-21	1009.0	-10.6	37.7
21	2021-22	1436.6	42.4	45.2
22	2022-23	1668.2	16.1	48.1

Source: Compiled from PIB, RBI Handbook of statistics and Ministry of Commerce and Industry.

Note: Due to unavailability of data, total exports are inclusive of only merchandise exports from 2001-02 to 2008-09).

### Composition of India's trade and its major trading partners

The top ten export commodities at HS 2-digit level in the recent years include mineral fuels, natural and cultured pearls, electrical machinery, nuclear reactors, organic chemicals, vehicles other than railways, pharmaceutical products, cereals, iron and steel and articles of iron and steel. The leading import commodities comprise of mineral fuels, natural and cultured pearls, nuclear reactors, electrical machinery, organic chemicals, animal or vegetable fat, inorganic chemicals, iron and steel, and plastic and articles and fertilizers.

The top ten export destinations in the recent years include USA, United Arab Emirates, Netherlands, China, Bangladesh, Singapore, UK, Saudi Arabia, Germany, and Indonesia. The major sources of imports include China, UAE, USA, Russia, Saudi Arabia, Iraq, Indonesia, Singapore, Korea, and Australia. The leading trade partners (exports

and imports) of India in the recent years are the USA, China, UAE, Saudi Arabia, and Russia. Remarkably, GCC countries like UAE and Saudi Arabia, which have become crucial trading partners for India.

### India's Export Resilience in the Face of Red Sea Disruption

India's export growth is anticipated to remain robust despite the challenges posed by the Red Sea disruptions. The country has demonstrated resilience in navigating through these troubled waters by implementing effective mitigation strategies. With a tussle-mitigating approach and the benefit of declining global freight costs, India is poised to sustain positive export growth in the current fiscal year 2023-24. Rejuvenating demand in advanced economies and a notable reduction in container costs are expected to bolster India's competitiveness in global markets.

Despite the significant role of the Red Sea route in connecting Indian companies with markets across Europe, North America, North Africa, and parts of the Middle East, India remains resilient. While acknowledging the complexities of the Red Sea disruptions, India remains committed to addressing these challenges through diplomatic initiatives, diversification of trade routes and leveraging existing infrastructure like the Chabahar port.

**In conclusions,** the COVID-19 pandemic has significantly affected global trade in the last three years. The swift and intense economic disruptions have had a remarkable impact on the global trade scenario. Numerous countries are still dealing with varying recovery trajectories, inflationary pressures, widening wealth gaps, and escalating debt burdens. While the global economy continues to move slowly, India has emerged as a beacon of hope in the midst of the turbulent and unpredictable global landscape. India has emerged as one of the export resilient countries amongst the leading exporters of the world.

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