India’s Trade Performance

Exports

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. Our merchandise exports recorded a compound annual growth rate (CAGR) of 22.0 per cent during the five year period from 2004-05 to 2008-09 as compared to the preceding five years when exports increased by a lower CAGR of 14.0 per cent. According to latest WTO data (2009), India’s share in the world merchandise exports increased from 0.8 per cent in 2004 to 1.3 per cent in 2008. India also improved its ranking among the leading exporters in world merchandise trade from 30th in 2004 to 21st in 2009.

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.

Table: 2.1
Month-wise exports from November, 2009 to December, 2010

<table>
<thead>
<tr>
<th>Month</th>
<th>Percentage growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>November, 2009</td>
<td>30.0</td>
</tr>
<tr>
<td>December, 2009</td>
<td>20.3</td>
</tr>
<tr>
<td>January, 2010</td>
<td>18.7</td>
</tr>
<tr>
<td>February, 2010</td>
<td>34.8</td>
</tr>
<tr>
<td>March, 2010</td>
<td>54.1</td>
</tr>
<tr>
<td>April, 2010</td>
<td>42.1</td>
</tr>
<tr>
<td>May, 2010</td>
<td>34.1</td>
</tr>
<tr>
<td>June, 2010</td>
<td>46.5</td>
</tr>
<tr>
<td>July, 2010</td>
<td>13.8</td>
</tr>
<tr>
<td>August, 2010</td>
<td>23.3</td>
</tr>
<tr>
<td>September, 2010</td>
<td>23.8</td>
</tr>
<tr>
<td>October, 2010</td>
<td>21.3</td>
</tr>
<tr>
<td>November, 2010</td>
<td>26.5</td>
</tr>
<tr>
<td>December, 2010</td>
<td>36.4</td>
</tr>
</tbody>
</table>

Source : DGCI&S

The Government had set an export target of US$ 175 billion for 2009-10. With merchandise exports reaching US$ 178.7 billion in 2009-10, the actual exports exceeded the target by 2.1 per cent which is a remarkable achievement during a period of recession in India’s major export destinations.

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).

**Chart: 2.1**

**Trends in growth of exports**

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports</th>
<th>%Growth</th>
<th>Imports</th>
<th>%Growth</th>
<th>Trade Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-05</td>
<td>375,340</td>
<td>27.94</td>
<td>501,065</td>
<td>39.53</td>
<td>-125,725</td>
</tr>
<tr>
<td>2005-06</td>
<td>456,418</td>
<td>21.60</td>
<td>660,409</td>
<td>31.80</td>
<td>-203,991</td>
</tr>
<tr>
<td>2006-07</td>
<td>571,779</td>
<td>25.28</td>
<td>840,506</td>
<td>27.27</td>
<td>-268,727</td>
</tr>
<tr>
<td>2007-08</td>
<td>655,864</td>
<td>14.71</td>
<td>1,012,312</td>
<td>20.44</td>
<td>-356,448</td>
</tr>
<tr>
<td>2008-09</td>
<td>840,755</td>
<td>28.19</td>
<td>1,374,436</td>
<td>35.77</td>
<td>-533,680</td>
</tr>
<tr>
<td>2009-10</td>
<td>845,534</td>
<td>0.57</td>
<td>1,363,736</td>
<td>-0.78</td>
<td>-518,202</td>
</tr>
<tr>
<td>2009-10 (Apr-Dec)</td>
<td>608,882</td>
<td>991,605</td>
<td>-382,723</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010-11 (Apr-Dec)</td>
<td>751,633</td>
<td>1,126,513</td>
<td>374,880</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Imports**

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.

**Trade Balance**

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 2.2.
India's exports have not been affected to the same extent as other economies of the world during the phase of global slowdown, yet exports which had suffered a decline since October, 2008 continued of first seven consecutive months in 2009-10 as well. However, the declining trend became less steep from 2005 onwards and turned the positive phase from the month of November, 2009 reversing the earlier trend.

Foreign Trade Policy, 2009-14

The Foreign Trade Policy (FTP) 2009-14 was announced on 27th August, 2009 in the backdrop of a fall in India’s exports due to global slowdown. The short term objective of FTP (2009-14) was to arrest and reverse the declining trend of exports as well as to provide additional support especially to those sectors which were hit badly by recession in the developed world. The Policy envisaged an annual export growth of 15 per cent with an annual export target of US$ 200 billion by March 2011 and to come back on the high export growth path of around 25 per cent per annum in the remaining three years of this Foreign Trade Policy i.e. up to 2014. The long term policy objective for the Government is to double India’s share in global trade by 2020.
the FTP (2009-14) was announced on 23rd August, 2010. In this Supplement further measures to enhance exports have been elaborated. Further measures were announced on 11th February 2011. (Details are available in Chapter 3).

**Exports by Principal Commodities**
Disaggregated data on exports by Principal Commodities, in dollar terms, for the period 2010-11 (April–September) as compared with the corresponding period of the previous year are given in Appendix 2.1 & 2.2. Exports during the period Apr-Dec. 2010-11 registered a growth of 29.5% in US$ terms.

The share of top five principal commodity groups in India’s total exports during 2010-11 (April-September) is given at Chart 2.3.

**Chart: 2.3**
*Share of Top 5 Commodity Groups in India’s Exports 2010-11 (April-September)*

The export performance (in terms of growth) of top five commodities during 2010-11 (April–September) vis-a-vis the corresponding period of the previous year is shown at Chart 2.4.

**Chart: 2.4**
*Growth (in US$ terms) of Top five Commodity Groups in India’s Exports: 2009-10 & 2010-11 (Apr.-Sep.)*
**Plantation Crops**

Export of plantation crops during 2010-11 (April–Sep), increased by 28.1 per cent in US$ terms compared with the corresponding period of the previous year. Export of Coffee registered a growth of 43.2 per cent, the value increasing from US$ 193.4 million to US$ 277 million. Export of Tea also increased by 17.0 per cent.

**Agriculture and Allied Products**

Agriculture and Allied Products as a group include cereals, pulses, tobacco, spices, nuts and seeds, oil meals, guargum meals, castor oil, shellac, sugar & molasses, processed food, meat & meat products, etc. During 2010-11 (April–September), exports of commodities under this group registered a growth of 15.6 per cent with the value of exports going up from US$5,846 million in the previous year to US$ 6,756 million during the current year.

**Ores and Minerals**

Exports of ores and minerals were estimated at US$ 4,410 million during 2010-11 (April-September) registering a growth of 34.5 per cent over the same period of the previous year. Sub groups viz. Processed Minerals recorded a growth of 50.6 per cent and Coal has a negative growth of 43 per cent respectively. Export of Mica has registered growth of 78 per cent.

**Leather and Leather Manufactures**

Export of leather and leather manufactures recorded a growth of 14 per cent during 2010-11 (April-September). The value of exports increased to US$ 1,833.4 million from US$ 1,611.2 million during the same period of the previous year. Exports of leather and manufactures have registered a growth of 15.6 per cent and Leather Footwear also registered a growth of 11.7 per cent.

**Gems and Jewellery**

The export of gems and jewellery during 2010-11 (April-September) increased to US$ 15,664 million from US$ 13,757 million during the corresponding period of last year showing a growth of 13.9 per cent.

**Chemicals and Related Products**

During the period 2010-11 (April-September), the value of exports of chemicals and allied products increased to US$ 13,994 million from US$ 10,962.2 million during the same period of the previous year registering a growth of 27.7 per cent. Rubber, glass and other products residual chemicals and allied products and basic chemicals, pharmaceuticals and cosmetics and plastic & linoleum have also registered a positive growth.

**Engineering Goods**

Items under this group consist of machinery, iron & steel and other engineering items. Export from this sector during the period 2010-11(April-September) stood at US$ 23,009.2 million compared with US$15,763 million during the same period of the previous year, registering a growth of 46 per cent. Export of machine tools have registered a negative growth of 1.2 per cent and transport equipments have registered growth of 61.8 per cent. Machinery & instruments (10.5%), iron & steel (63.9%) and other engineering items (59.8%) have registered a positive growth.

**Electronic Goods**

During the period 2010-11 (April-September), exports of electronic goods as a group were estimated at US$3,470 million compared with US$3,167 million during the corresponding period of last year, registering a positive growth of 9.6 per cent.

**Textiles**

During the period 2010-11 (April-September), the value of textiles exports was estimated at US$ 10,221 million compared with US$ 9,296 million in the corresponding period of the previous year, recording a growth of 10 per cent. The export of natural silk textiles registered a negative growth of 0.6 per cent and manmade textiles & made ups has shown a positive growth of 5.5 per cent.
CHAPTER-2

Trends in India’s Foreign Trade

Handicrafts and Carpets

Exports of handicrafts declined to US$ 85 million during 2010-11 (April-September), from US$ 102.6 million during the corresponding period of the previous year registering a negative growth of 17.4 per cent. Export of carpets increased to US$ 428.8 million from US$ 319.4 million during the same period last year registering a positive growth of 34.3 per cent.

Project Goods

During 2010-11 (April-September), the export of project goods were estimated at US$ 29.5 million compared with US$ 67.4 million during the corresponding period of last year registering a negative growth of 56.2 per cent.

Petroleum Products

Export of petroleum products increased to US$ 17,857 million during 2010-11 (April-September), as compared with US$ 10,759.4 million during the same period of last year recording a growth of 66 per cent.

Cotton Raw including Waste

There was a growth in the exports of cotton raw including waste by 35.6 per cent from US$ 280.7 million in 2009-10 (April-September) to US$ 381 million during 2010-11 (April-September).

Imports by Principal Commodities

Disaggregated data on imports by principal commodities, in US$ terms, available for the period 2010-11 (April–September), as compared to the corresponding period of the previous year are given in Appendix 2.5 & 2.6. Imports during the period of Apr.–Dec 2010-11 registered a growth of 19.0 percent in US$ terms.

The share of top five Principal Commodities in India’s total imports during 2010-11 (April–September) is given at Chart 2.5 below:

Chart: 2.5
Share of Top Five Principal Commodities in India’s Imports:
2010-11 (April–September)

- PETROLEUM, CRUDE & PRODUCTS: 41.5%
- PEARLS PRECIOUS SEMI PRECIOUS STONES: 30.1%
- GOLD: 7.7%
- MACHINERY EXCEPT ELECTRICAL & ELECTRONIC: 6.3%
- COTTON RAW INCLUDING WASTE: 6.7%

The import performance by top five principal commodities during 2010-11 (April–September) vis-a-vis the corresponding period of the previous year is shown at Chart 2.6.
Fertilizers

During 2010-11 (April-September), import of fertilizers (manufactured) increased marginally to US$ 3,492.1 million from US$ 3,064 million in April-September 2009-10 recording a growth of 14 per cent.

Petroleum Crude & Products

The import of petroleum crude & products stood at US$ 48,619.2 million during April - September 2010-11 against US$ 37,475.4 million during the same period of the previous year registering a growth of 29.7 per cent.

Pearls, Precious and Semi-Precious Stones

Import of pearls and precious and semi-precious stones during 2010-11 (April-September) increased to US$ 12,495.3 million from US$ 5,458 million during the corresponding period of the previous year registering a growth of 129 per cent. The main reason for the high growth in the import of pearls, precious and semi-precious stones is the base effect. These are principal commodities of export having a high import content.

Capital Goods

Import of capital goods, largely comprises machinery other than electrical, including transport equipment, electrical machinery, machine tools, non-electrical machinery, electrical machinery and transport equipment registering a growth of 19.6 per cent, 15.4 per cent, 7.3 per cent, and (-) 37.1 per cent respectively.

Organic and Inorganic Chemicals

During 2010-11 (April-September), import of organic and inorganic chemicals increased to US$ 7,170 million from US$ 5,659.3 million during the same period of last year, registering a growth of 26.7 per cent. Import of medicinal and pharmaceutical products increased to US$ 1,199 million from US$ 991.9 million during the corresponding period of last year registering a growth of 20.9 per cent.

Coal, Coke & Briquettes

During 2010-11 (April-September), import of coal coke and briquettes increased to US$ 5,081.45 million from US$ 4,201.72 million during the same period of last year, registering a growth of 20.94 per cent.
Artificial Resins
Import of artificial resins increased during 2010-11 (April-September) to US$ 3,485.12 million from US$ 2,400.41 million during the corresponding period of last year registering a growth of 45.19 per cent.

Direction of India’s Foreign Trade
Share of major destination of India’s exports and sources of imports during 2010-11 (April-September) are given in Chart 2.7 and 2.8 respectively.

**Chart: 2.7**
Major Destinations of India’s Exports 2010-11 (April-September)

- UAE: 14%
- USA: 11.1%
- CHINA P R: 5.3%
- HONG KONG: 4.5%
- SINGAPORE: 4.4%
- REST OF THE WORLD: 61%

Export Destinations
During the period 2010-11 (April-September), the share of Asia and the ASEAN region comprising South Asia, East Asia, Mid-Eastern and Gulf countries accounted for 53.5 per cent of India’s total exports. The share of Europe and America in India’s exports stood at 20.2 per cent and 16.5 per cent respectively of which EU countries (27) comprises 18.6 per cent. During the period, United Arab Emirates (UAE)(13.6 per cent) has been the most important country of export destination followed by USA (11.1 per cent), China (5.3 per cent), Hong Kong China (4.5 per cent), Singapore (4.4 per cent), U.K. (3.1 per cent), Netherlands (3.1 per cent), Germany (2.6 per cent), Japan (2.4 per cent) and Belgium (2.3 per cent).

Source of India’s Imports
Asia and ASEAN accounted for 61.5 per cent of India’s total imports during the period followed by Europe (17.3 per cent), EU Countries (11.8 per cent) and America (10.2 per cent). Among individual countries the share of China stood highest at (11.9 per cent) followed by UAE (7.5 per cent), Saudi Arabia (6 per cent), USA (5.3 per cent), Switzerland (5.1 per cent), Australia (3.5 per cent), Germany (3.3 per cent), Nigeria (3.1 per cent), Iran (3 per cent) and Korea RP (2.9 per cent).
To sum up, India’s merchandise exports have shown tremendous resilience inspite of challenging situations in the world demand for our exports. India’s foreign trade, however, has to be seen in the context of current global uncertainties. Our ability to go ahead in spite of the global volatility will depend upon the adaptive efficiency of our exports.

The value of India’s exports by principal commodities and destinations are given in Appendix. 2.1, 2.2, 2.3, and 2.4.

The value of India’s imports by principal commodities and destinations are given in Appendix. 2.5, 2.6, 2.7 and 2.8.