



Trade Scenario between United States and India

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Abstract

Trade between countries is becoming the most considered issue among economist. The era of globalization transforms economy from different shape. According to International Monetary Fund, Gross Domestic Product of India was an estimated \$2.3 trillion at current market exchange rates, real GDP was up by an estimated 7.6%, and the population of India was 1.3 billion in 2016. The exports and imports were \$42.0 and \$72.8 billion respectively and the trade deficit of goods and services of United States with India was \$30.8 billion in the same year. In the present research paper an attempt has been made to examine the trade scenario between US and India.

Key words- Trade deficit, commerce, development, globalization, exports, imports

Trade Scenario between United States and India

Introduction

In the globalization era, international trade and commerce is the main pillar for rapidly growth and development for an economy. According to International Monetary Fund, Gross Domestic Product of India was an estimated \$2.3 trillion at current market exchange rates, real GDP was up by an estimated 7.6%, and the population of India was 1.3 billion in 2016. In 2016, the merchandise trade of United States to India approximately \$114.8 billion in total. The exports and imports were \$42.0 and \$72.8 billion respectively and the trade deficit of goods and services of United States with India was \$30.8 billion in the same year. The trade of U.S in services with India i.e. exports and imports totaled about \$47.2 billion and services exports were \$20.3 billion; services imports were \$26.8 billion. The trade deficit of United States with India was \$6.5 billion in 2016 .The Department of Commerce, U.S. exports of Goods and Services to India supported an estimated 197 thousand jobs in 2015 (latest data available) (82 thousand supported by goods exports and 116 thousand supported by services exports).

India's Goods and Services Trade with United States (in billions of dollars)

	1995	2000	2006	2011	2012	2013	2014	2015	2016
Total	11.2	19.1	45.1	86.9	93.7	97.3	104.4	109	114.8
Exports	4.6	6.5	16.2	33.3	34.4	35.1	36.7	39.6	42
Imports	6.6	12.6	28.9	53.5	59.3	62.2	67.7	69.5	72.8
Balance	-2	-6.1	-12.7	-20.2	-24.9	-27.1	-31	-29.9	-30.8

Source: United State Trade Representative

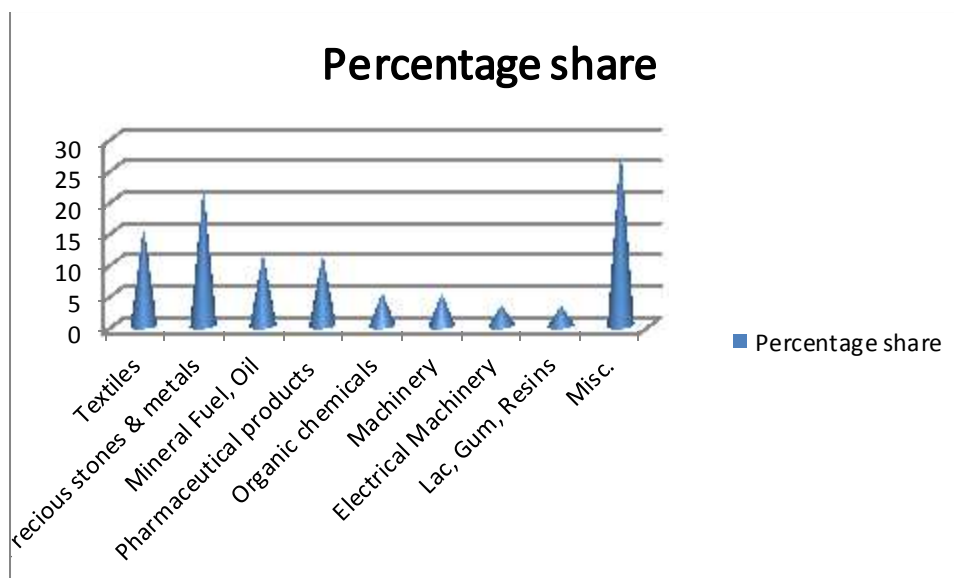
According to the *United States Trade Representative* U.S. exports to India account for 1.5% of overall U.S. exports in 2015. The main items of export categories in 2016 were the precious metal and stone diamonds with the amount \$7.0 billion, machinery \$2.0 billion, optical and medical instruments \$1.3 billion, mineral fuels \$1.2 billion and electrical machinery \$1.2

billion. In 2016, India was the United States 9th largest supplier of goods imports. Again the top import categories were the precious metal and stone mainly diamonds with \$11 billion, pharmaceuticals \$7.4 billion, mineral fuels \$2.4 billion, miscellaneous textile articles \$2.3 billion and machinery (\$2.1 billion) in 2016. The Indian goods trade deficit with United States was \$24.3 billion in 2016, a 4.2% increase (\$970 million) over 2015. The United States has a services trade deficit of an estimated \$6.5 billion with India in 2016, up 1.5% from 2015.

The select major items of exports from India to United States with their percentage shares in 2014, are given below.

Name of the Item	Textiles	Precious stones & metals	Mineral Fuel, Oil	Pharmaceutical products	Organic chemicals	Machinery	Electrical Machinery	Lac, Gum, Resins	Misc.
Percentage share	15	20.9	10.9	10.8	4.9	4.9	3	2.9	26.7

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Exports recorded a positive growth of 0.15 per cent during April-October, 2016-17 (P) over the corresponding period of the previous year in US\$ terms. The merchandise exports have reached US\$ 155.42 billion in April-October, 2016-17 (P).

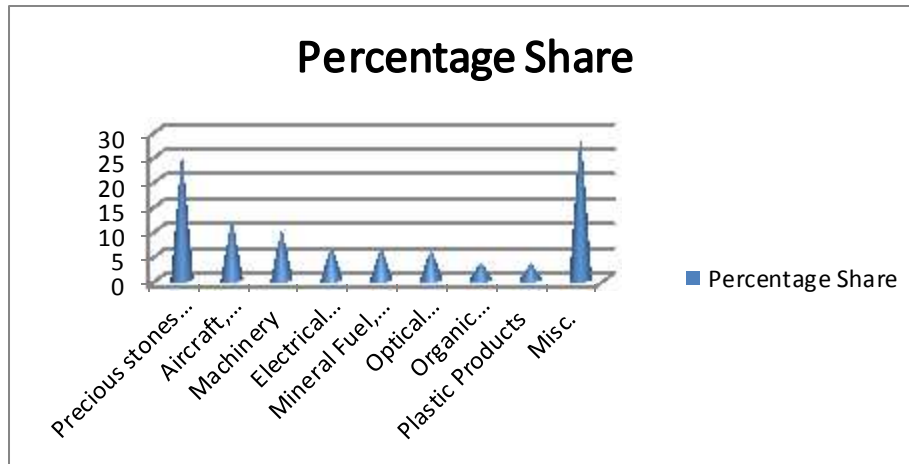
U.S. Goods Trade with India (in billions of dollars)									
	1995	2000	2006	2011	2012	2013	2014	2015	2016
Total	9	14.4	31.5	57.7	62.6	63.6	66.9	66.2	67.7
Exports	3.3	3.7	9.7	21.5	22.1	21.8	21.5	21.5	21.7
Imports	5.7	10.7	21.8	36.2	40.5	41.8	45.4	44.8	46
Balance	-2.4	-7	-12.2	-14.6	-18.4	-20	-23.9	-23.3	-24.3

Source: United State Trade Representative

According to the trade representative in 2016, India was the United States' 18th largest goods export market in 2016. In the same year United States exports the value of \$21.7 billion goods to India and up 1.1% with \$237 million from 2015 and up 124.2% from 2006. United States goods imports from India totaled \$46.0 billion in 2016, up 2.7% (\$1.2 billion) from 2015, and up 110.7% from 2006. U.S. imports from India account for 2.1% of overall U.S. imports in 2015. The major items of imports from United States with their percentage shares in 2014

Name of the items	Precious stones & metals	Aircraft, spacecraft, Parts	Machinery	Electrical machinery	Mineral Fuel, Oil etc	Optical instruments & equipment	Organic chemicals	Plastic Products	Misc.
Percentage Share	24.4	12	9.8	6.5	6.3	6	3.4	3.2	28.4

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	2006	2011	2012	2013	2014	2015	2016
Total	1.4	3.4	6.2	4.4	4.2	3.9	3.4
Exports	0.4	0.7	0.9	0.9	1.1	1.2	1.3
Imports	1	2.7	5.4	3.5	3.2	2.7	2.1
Balance	-0.7	-1.9	-4.5	-2.6	-2.1	-1.5	-0.8

Source: United State Trade Representative

The total exports of United States in agricultural products to India were \$1.3 billion in 2016. The main items of the agriculture are which are exported include tree nuts of \$522 million, cotton of \$250 million, pulses of \$144 million, fresh fruit of \$72 million and planting seeds was of \$32 million. In addition, the total United States imports of agricultural products from India was \$2.1 billion in 2016. The main items include in the imports were spicess with the value of \$279 million, rice \$158 million, tree nuts \$157 million, essential oils \$151 million, and processed fruit & vegetables (\$114 million).

	2006	2011	2012	2013	2014	2015	2016
Total	29.1	52.7	57.3	58.8	61.4	60.5	61.9
Exports	8.5	18.3	19	19.5	18.9	18.5	18.8
Imports	20.6	34.3	38.4	39.4	42.5	41.9	43

Balance	-12.1	-16	-19.4	-19.9	-23.6	-23.4	-24.2
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Source: United State Trade Representative

The above table elaborates the United States manufacturing trade of imports and exports with India from 2006 to 2016. The exports from United States to India in 2006 was 8.5 billion dollars and up by almost three times in 2016 with the amount of 18.8 billion dollars. Moreover, the imports in the same duration were up two times. The maximum difference of exports and imports of manufacturing trade was in 2014 of amount 23.6 billion dollars. It means the U.S. is sound in foreign trade.

U.S. Services Trade with India (in billions of dollars)									
	1995	2000	2006	2011	2012	2013	2014	2015	2016
Total	2.2	4.7	13.6	29.2	31.1	33.7	37.5	42.8	47.2
Exports	1.3	2.8	6.5	11.8	12.3	13.3	15.2	18.1	20.3
Imports	0.9	1.9	7.1	17.4	18.8	20.4	22.4	24.7	26.8
Balance	0.5	0.9	-0.5	-5.6	-6.5	-7.1	-7.2	-6.6	-6.5

Sources: United State Trade Representative

The above table shows the India's exports of services to United States were an estimated \$20.3 billion in 2016, 12.3% (\$2.2 billion) more than 2015, and 211% greater than 2006 levels. The top items of services exports from the United States to India, in 2015, were in the travel, transport, and intellectual property. India exports of services to United States were an estimated \$26.8 billion in 2016, 8.6% (\$2.1 billion) more than 2015 and the main services of exports from India to the U.S., in 2015, were in the telecommunications, computer, and information services, travel, and research and development sectors.

According to United State Trade Representative, U.S. foreign direct investment (FDI) in India (stock) was \$28.3 billion in 2015 a 4.4% increase from 2014. U.S. direct investment in India is led by prof., scientific, and tech. services, manufacturing, and wholesale trade. India's FDI in the United States (stock) was \$9.3 billion in 2015 (latest data available), up 3.7% from

2014. India's direct investment in the U.S. is led by prof., scientific, and tech. services, depository institutions, and manufacturing. Sales of services in India by majority U.S.-owned affiliates were \$22.7 billion in 2014 (latest data available), while sales of services in the United States by majority India-owned firms were \$13.4 billion.

Percentage Change of India's Export from United States 2013-2014

Name of item	Organic Chemicals exports grew	Electrical Machinery	Pharmaceutical products	Machinery	Exports of Knitted apparel	Cut and polished diamonds and jewelry	Miscellaneous Textile articles	Mineral Fuel oil	Woven apparel	Lac, Gums, resins
2013	1851	1081	3737	1585	1176	8030	1576	3572	1637	1636
2014	1896	1133	4154	1889	1289	8045	1824	4200	1696	1100
Percentage	2.43	4.81	11.16	19.18	9.61	0.19	15.74	17.58	3.60	-32.8

This entry shows the percentage change of export from India to United States over 2013 to 2014. It shows that organic chemicals exports grew by 2.4% accounting for \$ 1896 million compared to \$ 1851 million. In pharmaceutical products exports increased by 11.2% to reach \$ 4154 million, from \$ 3737 million. In addition, lac, Gums, resins exports fell by 32.8% to \$ 1100 million from \$ 1636.

Percentage Change of India's Import from United States 2013-2014

Name of the item	Cut and polished diamonds and jewelry	Aircraft and parts	Machinery	Electrical Machinery	Mineral Fuel, oil	Optical & Medical Instruments	Organic Chemicals	Exports of Plastic Products	Wood Pulp and Boards	Edible fruits and nuts
2013	5164	2209	1937	1107	1061	1072	586	561	343	385
2014	4251	2098	1704	1135	1091	1047	696	571	522	481
Percentage	-17.68	-5.02	-12.03	2.53	2.83	-2.33	18.77	1.78	52.19	24.94

This entry shows the percentage change of imports from India to United States over 2013 to 2014. It shows that cut and polished diamonds and jewelry exports amounted to \$ 4251 million as compared to \$ 5164 million during the period January-October 2013 which is a decline of 17.7%. In addition, Machinery exports fell by 12% from \$ 1937 million to \$ 1704 million, mineral Fuel, oil grew by 3.6% to \$ 1099 million from \$ 1061 million. Again, the items of wood Pulp and Boards exports grew by 52.1% to \$ 522 million from \$ 343 million.

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