

Comparative Study on Imports and Exports of Indian Economy

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ABSTRACT: *The exports and imports are the basic components of international trade. In the era of globalization, no country can survive without exporting and importing the goods and services because the nations are also divergent in their consumer's need and technologies, their production scale economic condition and social status and their capacities for growth and development. The exporting and importing has become the compulsory for nations to fulfill the needs of their citizens. The growth and development of a nation also depends upon the exports and imports because exports bring the foreign currency and imports enhance the advancement in functions which leads to development of a country. India has become the 18th largest export economy in the world. From a continental perspective, 49.4% of Indian exports are sold to Asian nations, 18.7% are shipped to European countries. India delivers 17.1% to North American*

importers and 9.7% delivered in Africa. The present study analyzes the imports and exports of goods and services at current and constant prices and compares the GDP share of exports and imports of India. The data has been taken for last 15 years (2001-2015) and collected from secondary sources. The findings show that the trend of export is increasing and more than the imports of economy. The export has played dominant role in economy and export share in GDP has increased recently.

KEYWORDS: Balance of Trade, Economic Growth, Exports and Imports, Indian Economy.

I INTRODUCTION: Trade means the buying and selling of goods and services to other countries and within a country. International trade includes the exporting and importing of goods and services. To sell the goods to other nation is generally

regarded as export or exporting and to buy goods from other nations is known as importing or import of goods and services. International trade is very significant for all types of economy. Trade determines the economic growth and stimulates the overall development in all sectors of economy. The countries are divergent in size, population, resources and needs of consumption, so a nation generally buys and sells the goods and services to other nation. This exchange of their needs is generally called as trade. It increases the capacity of consumption of a nation and makes available the goods where these are scarce. The exporting and importing is very essential for survival and fulfilling the needs of the people. The exporting opens the market over the world, specifically for the nations which can-not grow.

The export means selling the goods to foreign nation, whereas import refers to buying the goods from foreign manufacturer. An exporter is a person who does the all activities of exporting and importer is the buyer of goods from other nations. Exports have been playing important role in growth of India from the last two decades. India has become the

fastest growing economy in the world. In last four years, the export of Indian economy has increased by 44 percent. In 2014, the export of India was almost 318 billion dollars. Indian exports generally contribute the 4% in gross domestic output of India. There are many commodities which are exported more and increase the level of foreign currency reserve.

THE TOP IMPORT PARTNERS OF INDIA IN 2015:

Table 1:

Rank	Country	Exports
1	China	11,934.25
2	United States	42,448.66
3	United Arab Emirates	33,028.08
4	Saudi Arabia	11,161.43

The share of percentage of each country in total export of India is as follows during 2015:

1. United States: (15.3% of total India exports)
2. United Arab Emirates: (11.5%)
3. Hong Kong: (4.6%)
4. China: (3.6%)

5. United Kingdom: (3.4%)

The following products have been exported and shown the percentage of each product in total exports:

1. Vehicles: (5.3%)
2. Machines, engines and pumps: (5%)
3. Pharmaceuticals: (4.7%)
4. Gems and precious metals: (14.7% of total exports)
5. Oil: (11.7%)

REVIEW OF LITERATURE:

Konya and Singh (2006): Among the developing countries import and export growth is essential for motivation for the economic growth of that country. Therefore, here export/import growth is addressed and presented a growth –driven export/import hypotheses for India. India's growth rate ranked 2nd for many years, on the other hand China is in 1st place, therefore, impacts of imports and exports has been examined and how they affect the economic growth of China and India. Since we know that India and China are two quickest growing countries, so time frame selection was crucial and a period of 1980

to 2012 is considered for studying these two economies.

Awokuse (2008): In this study the author inspected the influence of trade openness on imports and exports to quicken the economic growth. Secondary data has been used to draw results.

Burange and Chaddha (2008): An attempt has been made to evaluate the RCA's export of India. Here different types of goods are considered for study and these are classified on the basis of their production. The author concluded using secondary data and found that India have a comparative advantage in exports in products like Ricardo and HO.

Gazi et.al (2010): Here primary focus is on the kind of relationship between GDP, export and import and explained it in casual manner of Bhutan for that Annual data of Bhutan is used which is from 1980 to 2005. Here, authors conclude that mostly imported goods in Bhutan are consumer durable goods and not capital goods.

Athukorala (2011): Explained East Asian Countries's export performance including China. The author concluded that more open trade policy lead towards better export performance.

Mukherjee and Shahana (2012): India’s export performance has been analysed in this study and also explored the various economic factors which contributed to its growth. As we saw in this paper that manufacturing sector have a prominent contribution in India’s aggregates exports, so here an overview is provided by the author.

Ghose and Thankur (2015): Among the developing nations, export plays a significant role in the development. In this study, it is studied that how Exim Bank of India developed in to a successful government institution. The main reason behind that found out to be increasing transfer of profits and balance of profits to the government. Secondary data has been used to collect results and interpretations.

Mahesh et. al (2015): Export and import plays a vital role in the proper functioning of the Financial system of a country especially perspective and adaptation. In

this paper author explained how the international trade is key aspect and backbone of the country’s economy. Secondary data has been used to find the results and descriptive approach is used.

OBJECTIVES OF THE STUDY: The present research paper has the following objectives:

- To analyze the imports and exports of goods and services at current and constant prices.
- To compare the GDP share of exports and imports of India.

RESEARCH METHODOLOGY: The methodology adopted for the present study was descriptive research. Secondary data were taken from various sources Economic Survey, Books and Journals. The data have been collected for the period 2000-2001 to 2014-15. The analysis has been done using graphs and charts showing the trend of imports and exports of Indian economy.

DATA ANALYSIS:

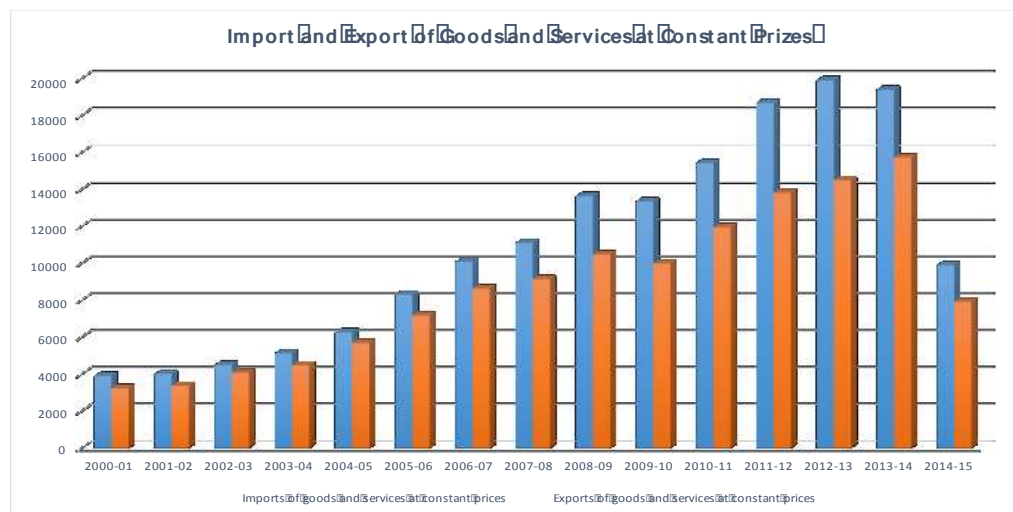
Table 2: Imports and Exports of Goods & Services at Constant Price :

Financial year	Imports of goods and services at constant prices	Exports of goods and services at constant prices

2000-01	3901.32	3232.88
2001-02	4016.19	3372.21
2002-03	4498	4083.24
2003-04	5122.5	4474.5
2004-05	6259.45	5690.51
2005-06	8299.26	7174.24
2006-07	10081.98	8634.59
2007-08	11109.63	9146.28
2008-09	13633.02	10481.4
2009-10	13341.8	9990.3
2010-11	15424.28	11950.03
2011-12	18672.49	13811.26
2012-13	19895.78	14498.03
2013-14	19388.61	15722.22
2014-15	9895.89	7915.15

Source: Reserve Bank of India: Economic Survey

Figure 2: Imports and Exports of Goods and Services at Constant Price



Source: Reserve Bank of India: Economic Survey

Interpretation: The chart indicates the amount of exports and imports of goods and services at constant prices. There was

increasing and decreasing trend in the amount of exports of goods and services at constant prices. After 2010, exports of

goods and services at constant were sharply increased. The highest value of exports of goods and services at constant was shown in 2013-14 reached at 15722.22. But, in 2014-15 there was a sharp decline in the amount of exports of goods and services at

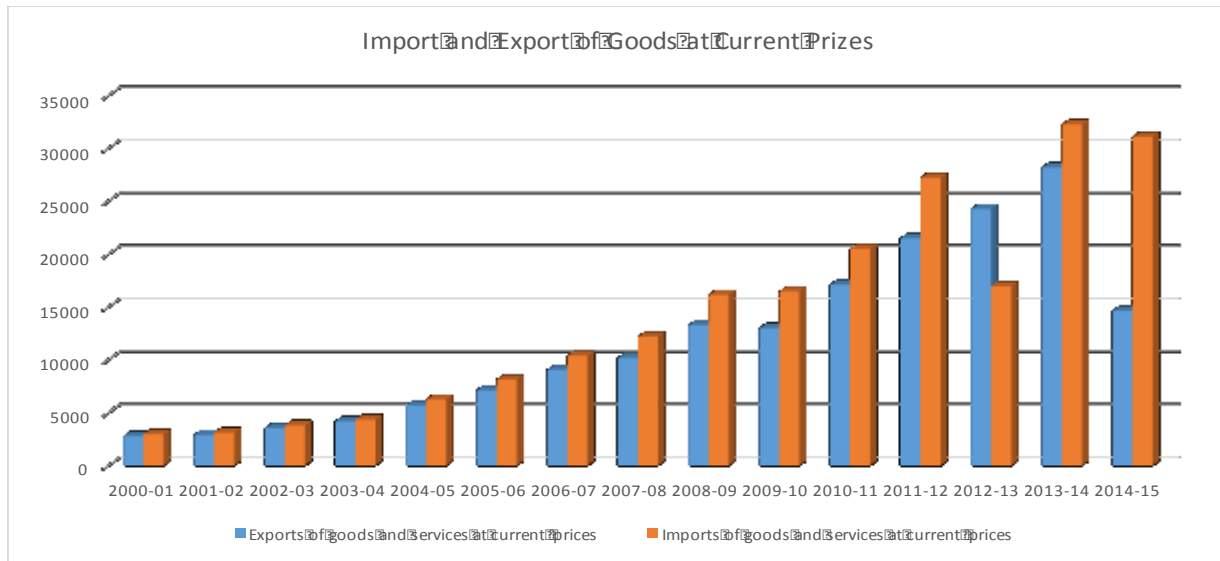
constant prices. The maximum value of imports of goods and services at constant prices were accounted in 2013, reached at 19895.78. There was a sharp decline in imports of goods and services at constant prices in 2014-15.

Table 3: Imports and Exports of Goods and Services at Current Price

Financial year	Exports of goods and services at current prices	Imports of goods and services at current prices
2000-01	2781.26	2975.23
2001-02	2907.57	3110.5
2002-03	3555.56	3799.81
2003-04	4174.25	4368.78
2004-05	5690.51	6259.45
2005-06	7120.87	8134.66
2006-07	9048.72	10405.35
2007-08	10189.07	12191.09
2008-09	13287.64	16140.4
2009-10	12987.8	16471.4
2010-11	17101.93	20501.82
2011-12	21503.26	27219.47
2012-13	24268.07	16957.43
2013-14	28177.74	32260.89
2014-15	14644	31084.3

Source: Reserve Bank of India: Economic Survey

Figure 3: imports and exports of goods and services at current price



Source: Reserve Bank of India: Economic Survey

Interpretation: The chart indicates the amount of exports and import of goods and services at current prices. After 2010, exports of goods and services at current price were sharply increased. The highest value of exports of goods and services at current price was shown in 2013-14 reached at 28177.74. But, in 2014-15 there was a sharp decline in the amount of exports of goods and services at current prices. The maximum value of imports of goods and services at current prices was accounted in 2013, reached at 32260.89. There was a sharp decline in imports of goods and services at current prices in 2014-15.

COMPARISON OF EXPORTS AND IMPORTS OF GOODS AND SERVICES

AT CURRENT AND CONSTANT PRICES:

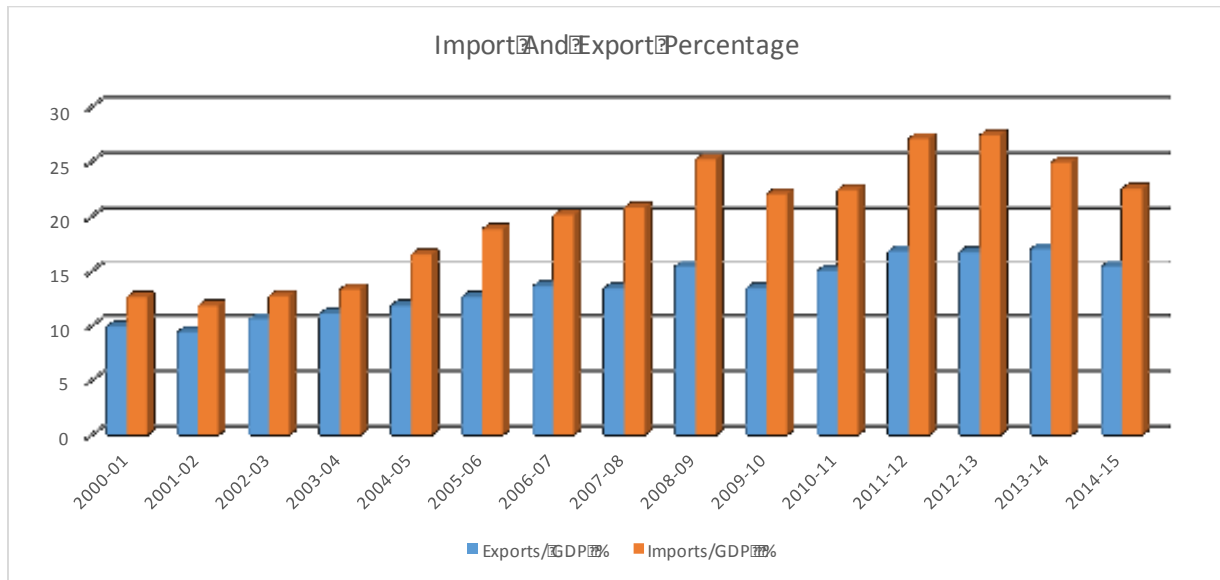
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Table 4: COMPARISON OF GDP % OF EXPORT-IMPORT

Financial year	Exports/ GDP %	Imports/GDP %
2000-01	9.9	12.6
2001-02	9.4	11.8
2002-03	10.6	12.7
2003-04	11.1	13.3
2004-05	11.8	16.5
2005-06	12.6	18.8
2006-07	13.6	20.1
2007-08	13.4	20.8
2008-09	15.4	25.2
2009-10	13.4	22
2010-11	15	22.4
2011-12	16.8	27.1
2012-13	16.7	27.4
2013-14	17	24.9
2014-15	15.4	22.5

Source: Reserve Bank of India: Economic Survey

Figure 4: Comparison of GDP % of Export-Import



Source: Reserve Bank of India: Economic Survey

Interpretation: The above graph reflects the values of export and import GDP % the export and import were increasing very quickly. Imports were observed higher in 2012-13, stood at 27.4% and export reached at 16.8% in 2011-12. In 2009-10, there was observed negative rate of change of export and import. The export and import (percentage of GDP) as indicators of balance of payments had increasing and decreasing trend.

CONCLUSIONS: Exports increase the level of foreign exchange reserve that is used for importing the goods and services from other countries. Importing is necessary as same as exporting because import of technical goods makes the nation more developed and advanced.

Furthermore, export and import plays an important role in raising capital formation which leads to high output growth. The present study concludes that in last years, status of export and import is better and trend of export of India is increasing.

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