

**BA/BBA**  
**INDIAN ECONOMY AND FINANCIAL SYSTEM**

**Semester – 07**

**Individual Assignment – I**  
**India's Foreign Trade Analysis from 2012-2023**

**Submitted to**  
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# INTRODUCTION

Assessing the foreign trade of an economy is crucial as it shows how good the country is in the global market and how efficient are the products domestically produced. Foreign Exchange is also determined through the trade of a country. Larger amount of forex represents increased financial stability of a country. India's foreign trade is also affected by events taking place in the external world which affects the demand of the domestic products in the rest of the world and the prices of oil as well. Global tensions such as a war would also lead to an adverse effect on the trade balance of the country. An economy in a good shape will ensure stability of exports and imports both. The data extracted for the exports, imports, trade balance, balance of payments and the foreign direct investment inflows is analyzed below.

## LITERATURE REVIEW

- Providing subsidies to the enterprises which play an important role in the countries exporting would pave the way to restore the exports and economic stability of the nation. ( Tang W, Hu J, Reivan Ortiz GG, Mabrouk F and Li J (2022) )
- Over the years, exports have played a much more significant role in the upliftment and the growth of the Indian economy. (Nirmala Muthu, 2022)
- War has an adverse effect on the accumulation of wealth of a country and also affects the capital distributions and exporting capacity of the country. The implications of Vietnam war were seen as it affected Japanese exports to Korea, Taiwan and Singapore. (Richard Stubbs, 1999)

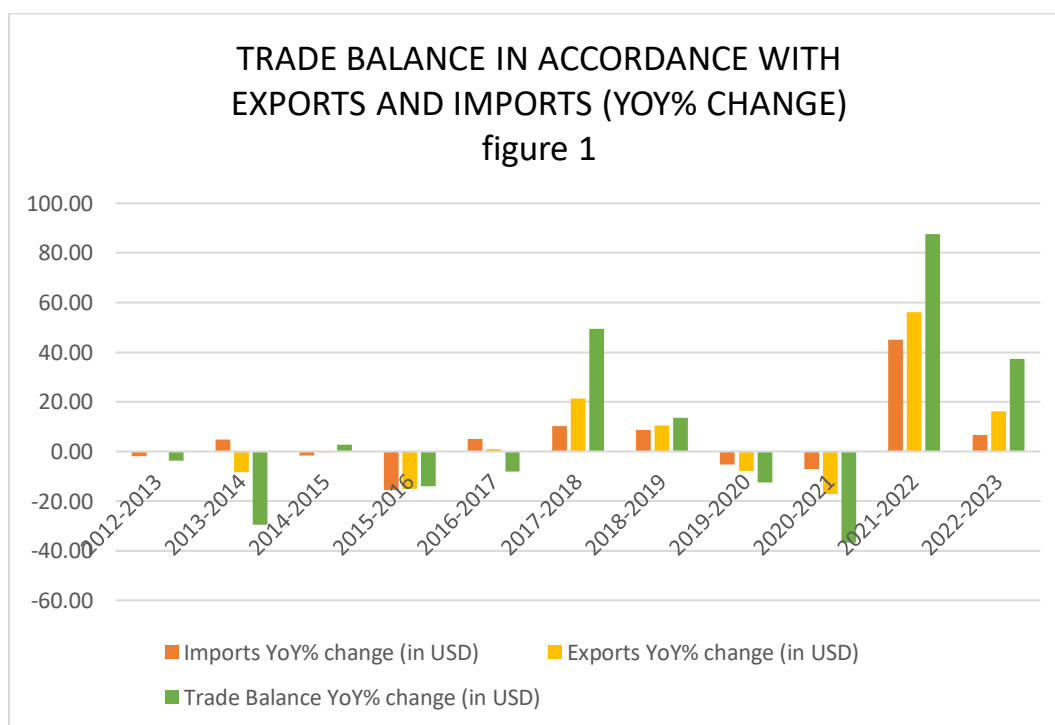
## METHODOLOGY AND DATA

- **Data:** CMIE Economic Outlook Portal
- **Data Interpretation & Graphs:** Excel
- **Time Period:** 2012 to 2023

# OVERALL TRADE BALANCE OF INDIA

External Sector						
India's Foreign Trade						
	Imports	Imports	Exports	Exports	Trade Balance	Trade Balance
	Total	YoY% change (in USD)	Total	YoY% change (in USD)	Total	YoY% change (in USD)
Year	USD Million		USD Million		USD Million	
2012-2013	4,90,204.20	-1.82	3,00,150.40	0.22	-1,90,053.80	-3.62
2013-2014	4,48,832.10	4.91	3,14,877.90	-8.44	-1,33,954.20	-29.52
2014-2015	4,47,602.10	-1.51	3,10,130.10	-0.27	-1,37,472.00	2.63
2015-2016	3,80,430.50	-15.45	2,62,202.60	-15.01	-1,18,227.90	-14.00
2016-2017	3,84,210.10	5.13	2,75,663.80	0.99	-1,08,546.30	-8.19
2017-2018	4,65,637.50	10.12	3,03,570.90	21.19	-1,62,066.60	49.31
2018-2019	5,14,333.20	8.77	3,30,194.00	10.46	-1,84,139.20	13.62
2019-2020	4,74,175.30	-5.15	3,13,184.80	-7.81	-1,60,990.50	-12.57
2020-2021	3,92,986.20	-7.09	2,90,976.20	-17.12	-1,02,010.00	-36.64
2021-2022	6,13,630.50	45.13	4,22,305.60	56.15	-1,91,324.90	87.56
2022-2023	7,13,356.40	6.66	4,50,439.30	16.25	-2,62,917.10	37.42

Data: CMIE Economic Outlook



## DESCRIPTIVE STATISTICS

<i>Imports</i>		<i>Exports</i>	
Mean	484127.1	Mean	324881.42
Standard Error	30500.41935	Standard Error	17659.737
Median	465637.5	Median	310130.1
Mode	#N/A	Mode	#N/A
Standard Deviation	101158.4469	Standard Deviation	58570.72
Sample Variance	10233031389	Sample Variance	3.431E+09
Kurtosis	1.665107917	Kurtosis	1.4710639
Skewness	1.331271305	Skewness	1.5019726
Range	332925.9	Range	188236.7
Minimum	380430.5	Minimum	262202.6
Maximum	713356.4	Maximum	450439.3
Sum	5325398.1	Sum	3573695.6
Count	11	Count	11

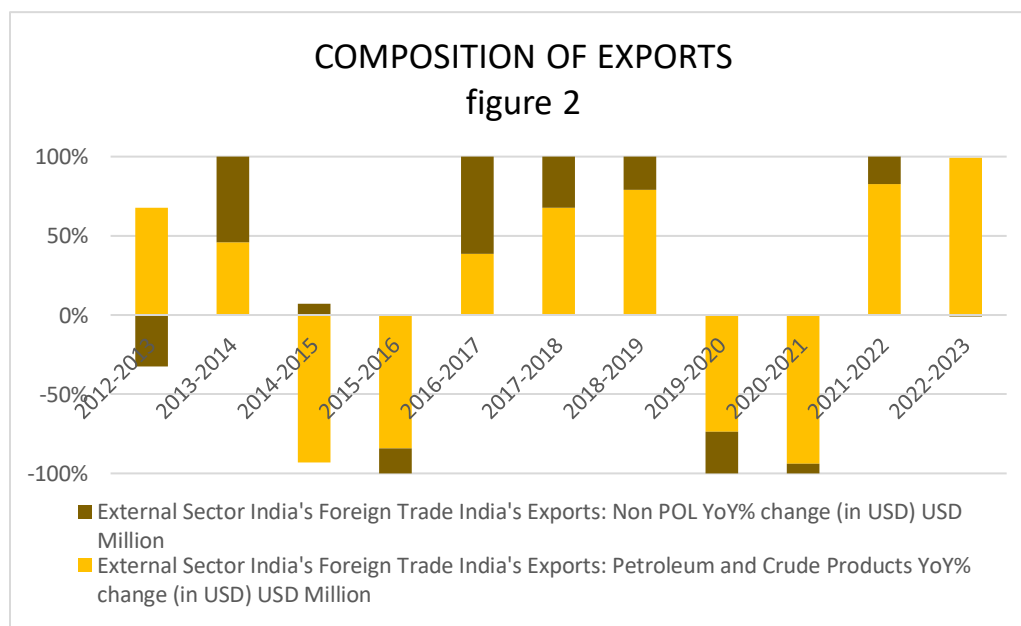
## INTERPRETATION

International trade is largely determined by the demand for domestic goods in the rest of the world and the demand for foreign goods in the domestic market. The production of specific goods depends upon the climate and technological availabilities of individual nations. The data period is 2012-2023 and is expressed in USD Million. Trade balance throughout the years is observed to be negative implying the number of imports exceeding the number of exports of the country. The pressures on an economy's external sector is reflected through the trade of the country. There is a major drop in the exports and imports to -17.12% and -7.9% respectively in the year 2020-2021 due to effects of global pandemic and the restrictions on trade. There is a major hike observed in the imports from 2020-2021 to 2021-2022 at a high of 45.13% since measures for the revival of economy after the pandemic were taking place. Similarly, exports have also consistently increased alongside post pandemic for the upliftment of the economy from 2020-2021 to 2021-2022 with an increase of 56.15%. The rigorousness of imports has increased more intensely as compared to exports revealed by the trade balance in the years 2021-2023.

## COMPOSITION OF POL & NOL POL PRODUCTS IN EXPORTS

External Sector				
India's Foreign Trade				
	India's Exports: Petroleum and Crude Products	India's Exports: Petroleum and Crude Products	India's Exports: Non POL	India's Exports: Non POL
	Total	YoY% change (in USD)	Total	YoY% change (in USD)
Year	USD Million		USD Million	
2012-2013	60,751.20	8.73	2,39,399.20	-4.18
2013-2014	63,346.80	4.27	2,51,531.10	5.07
2014-2015	56,595.70	-10.66	2,53,534.40	0.80
2015-2016	30,497.70	-46.11	2,31,704.80	-8.61
2016-2017	31,526.20	3.37	2,44,137.70	5.37
2017-2018	37,460.70	18.82	2,66,110.20	9.00
2018-2019	46,634.60	24.49	2,83,559.50	6.56
2019-2020	41,244.40	-11.56	2,71,940.50	-4.10
2020-2021	25,727.30	-37.62	2,65,248.90	-2.46
2021-2022	67,612.80	162.81	3,54,692.90	33.72
2022-2023	97,256.10	43.84	3,53,183.20	-0.43

Data: CMIE Economic Outlook



## INTERPRETATION

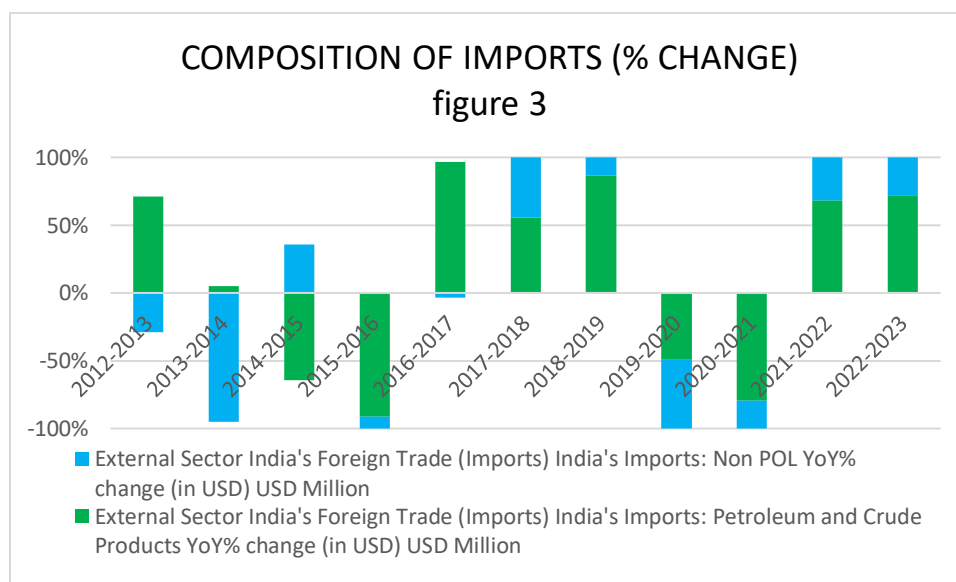
India's total exports from the year 2012-2023 measured in USD have been fairly consistent over the period depicted through the data with a dip in 2016-17 and 2020-2021. Exports play a significant role in the country's relations with the rest of the world. The table represents the composition of oil products and non-oil products also termed as POL (Petroleum, Oil and Lubricants) products and non-POL products of the country. The composition of POL and non-POL products is evidently visible through the graph; products other than petroleum and crude items such as agricultural products, manufactured goods, electronic items etc. comprise a significantly greater amount of the total exports as compared to the petroleum and crude oil products over the entire period of 2012-2023. The POL products exports are noticed to be decreasing consistently from 2012-2017 which was the peak of the Syria civil war which would have had an adverse impact on the prices of oil in the country leading to a significant fall in exports of the same over the years. Contrasting to this, the exports of the non-POL products have reduced mildly during the Syrian war period. Another crucial thing that can be observed through the data is the enormous fall in the overall exports to \$2,90,967.20 Million during the year of 2020-2021 from \$3,13,185.80 Million in 2019-2020. A percentage change of 162.86% is observed. This fall in the exports can be assessed through the global covid 19 pandemic that took place which severely affected the trade in India with the rest of the world.

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# COMPOSITION OF POL & NOL POL PRODUCTS IN IMPORTS

External Sector				
India's Foreign Trade (Imports)				
	India's Imports: Petroleum and Crude Products	India's Imports: Petroleum and Crude Products	India's Imports: Non POL	India's Imports: Non POL
	Total	YoY% change (in USD)	Total	YoY% change (in USD)
Year	USD Million		USD Million	
2012-2013	1,63,796.30	5.70	3,26,407.90	-2.33
2013-2014	1,64,939.70	0.70	2,83,892.30	-13.03
2014-2015	1,37,837.20	-16.43	3,09,764.90	9.11
2015-2016	82,570.20	-40.10	2,97,860.30	-3.84
2016-2017	86,930.60	5.28	2,97,279.50	-0.19
2017-2018	1,08,661.10	25.00	3,56,976.40	20.08
2018-2019	1,41,118.20	29.87	3,73,215.00	4.55
2019-2020	1,30,525.90	-7.51	3,43,649.40	-7.92
2020-2021	82,392.60	-36.88	3,10,593.60	-9.62
2021-2022	1,62,077.70	96.71	4,51,552.80	45.38
2022-2023	2,09,315.20	29.14	5,04,041.20	11.62

Data: CMIE Economic Outlook



## INTERPRETATION

The imports both POL and non-POL have dropped largely in the year 2015-2016 registering a steep fall to -40.10% and -3.84% respectively. Another significant drop is also observed in petroleum and crude products during the year of the pandemic that is 2020-2021. The hike in imports during 2021-2022 after the pandemic showcase the increase in demand for products abruptly and the increase in imports combating the same. Imports have surged for the POL products to \$2,09,315.20 Million after 2022 as a result of the Russia Ukraine war as India acted as a mediator of oil between Russia and Europe. The imports showcase consistency during the 2012-2015 for both the categories of products. There is a major fall in the imports of oil products to \$82,570.20 Million during 2015-2016 from \$1,37,837.20 in 2014-2015 which could be a result of the Syria civil war during the same period which served its peak. Crude prices globally lead to multiple indirect effects on the trade of the economy as a whole. Minimal decreasing effect in the non-POL products is observed in the years beginning 2018 to 2021 through the percentage change.

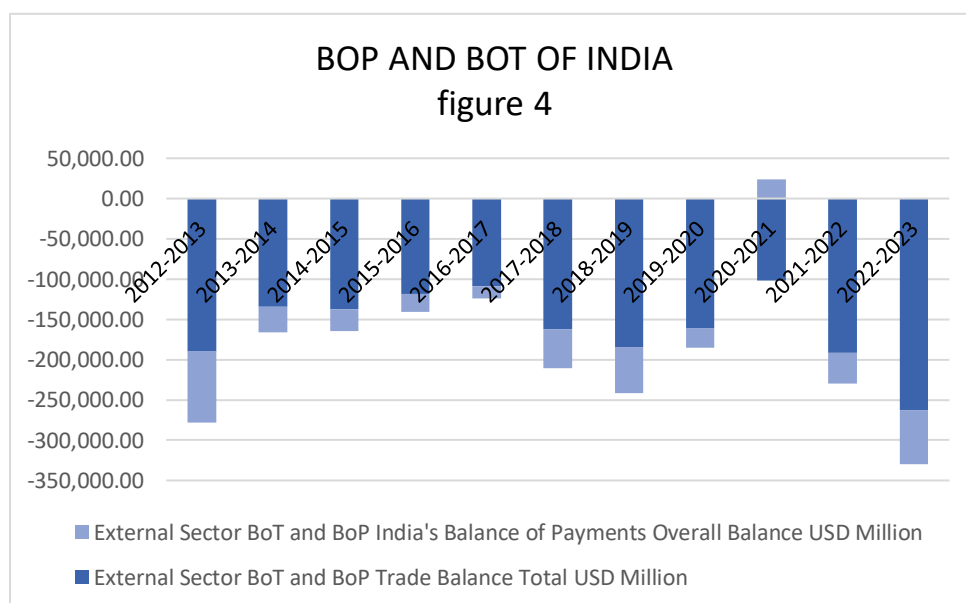
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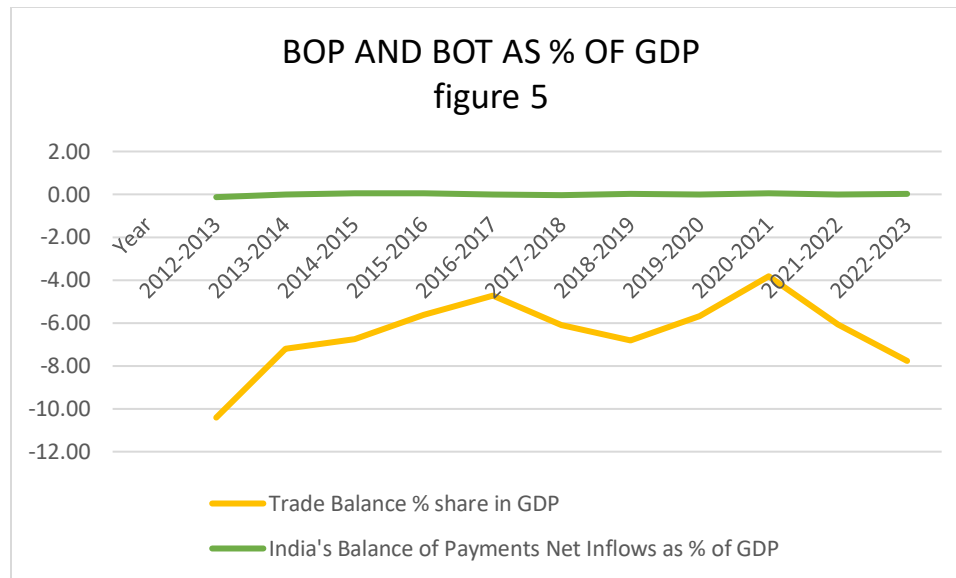


# INDIA'S BALANCE OF TRADE WITH RESPECT TO THE BALANCE OF PAYMENTS

External Sector					
India's Foreign Trade					
	Trade Balance	Trade Balance	India's Balance of Payments	India's Balance of Payments	India's Exports: Petroleum and Crude Products
	Total	% share in GDP	Overall Balance	Net Inflows as % of GDP	Total
Year	USD Million		USD Million	% of GDP	USD Million
2012-2013	-1,90,053.80	-10.41	-87,843.20	-0.13	60,751.20
2013-2014	-1,33,954.20	-7.21	-32,357.60	-0.01	63,346.80
2014-2015	-1,37,472.00	-6.74	-26,730.70	0.05	56,595.70
2015-2016	-1,18,227.90	-5.62	-22,087.80	0.05	30,497.70
2016-2017	-1,08,546.30	-4.73	-15,228.90	-0.02	31,526.20
2017-2018	-1,62,066.60	-6.11	-48,661.10	-0.04	37,460.70
2018-2019	-1,84,139.20	-6.81	-57,180.40	0.03	46,634.60
2019-2020	-1,60,990.50	-5.68	-24,550.10	0	41,244.40
2020-2021	-1,02,010.00	-3.82	24,010.90	0.05	25,727.30
2021-2022	-1,91,324.90	-6.07	-38,691.00	-0.01	67,612.80
2022-2023	-2,62,917.10	-7.76	-66,984.00	0.03	97,256.10

Data: CMIE Economic Outlook





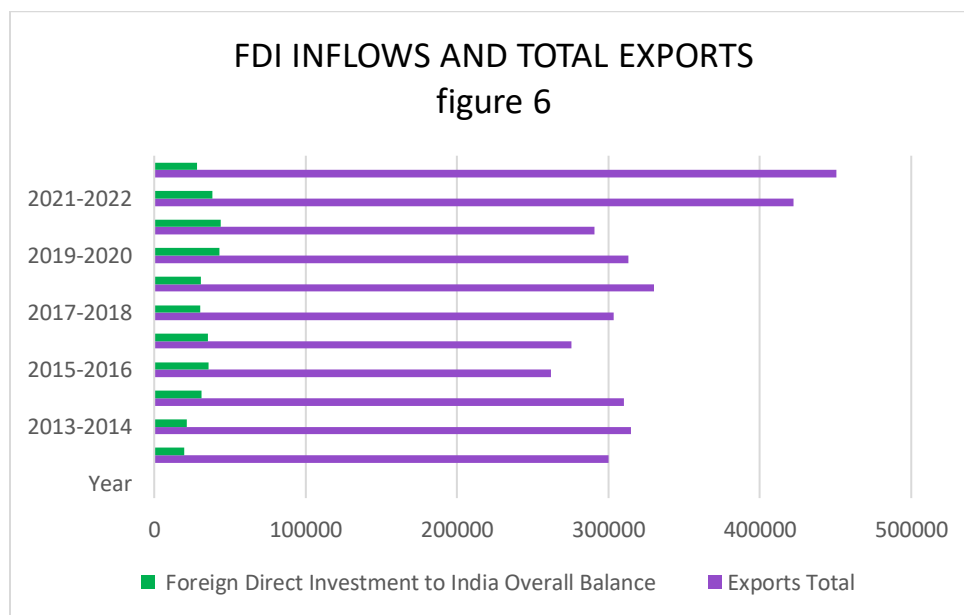
## INTERPRETATION

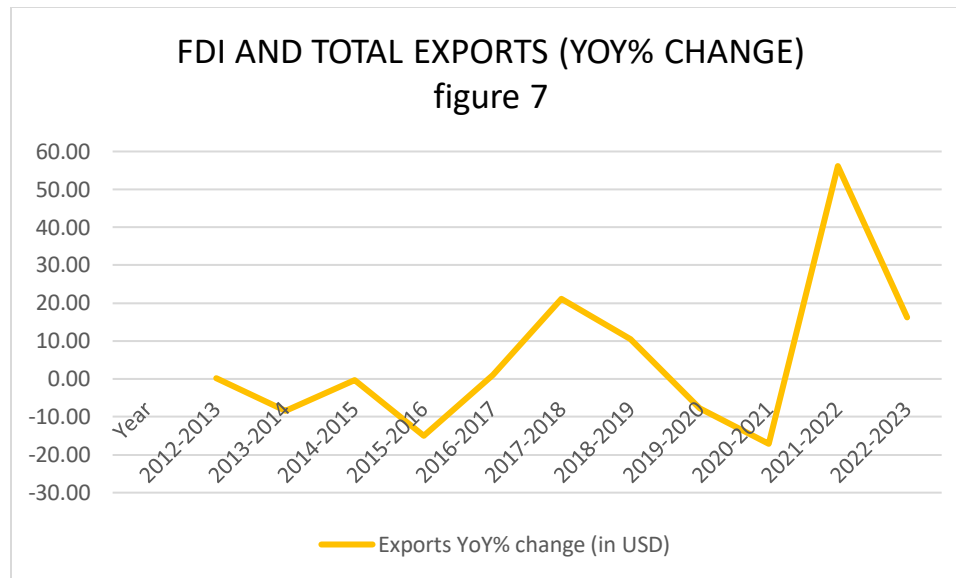
Balance of trade determines the merchandise trade of the country and Balance of payments comprises of current account, capital account and financial account. Balance is payment net inflows as a percentage of GDP in the year 2019-2020 is observed to be 0 which suggest that there is no existence of fiscal deficit and current account deficit; it show complete balance. Consistent negative value of the trade balance depicts that the value of imports is exceeding that of exports with the deficit reaching its highest in the year 2022-2023. Negative BOP infers that there is more debt burden on the nation. Likewise, the changes in net inflows as a proportion of the GDP, fluctuating within the range of approximately 0.03 to -0.04, point to shifts in the volume of capital entering the country from overseas in relation to the scale of the economy. A favorable net inflow denotes a situation where the country is receiving more capital than it is sending out, whereas an unfavorable net inflow indicates an excess of capital leaving the country.

# FOREIGN DIRECT INVESTMENT INFLOWS IN ACCORDANCE WITH EXPORTS

External Sector				
FDI Inflows and Total Exports				
	Exports	Exports	Foreign Direct Investment to India	Foreign Direct Investment to India
	Total	YoY% change (in USD)	Overall Balance	YoY% change (in USD)
Year	USD Million		USD Million	
2012-2013	3,00,150.40	0.22	19,818.00	-9.34
2013-2014	3,14,877.90	-8.44	21,565.00	8.82
2014-2015	3,10,130.10	-0.27	31,253.00	44.92
2015-2016	2,62,202.60	-15.01	36,020.00	15.25
2016-2017	2,75,663.80	0.99	35,612.00	-1.13
2017-2018	3,03,570.90	21.19	30,287.00	-14.95
2018-2019	3,30,194.00	10.46	30,713.00	1.41
2019-2020	3,13,184.80	-7.81	43,012.00	40.04
2020-2021	2,90,976.20	-17.12	43,956.00	2.19
2021-2022	4,22,305.60	56.15	38,587.00	-12.21
2022-2023	4,50,439.30	16.25	28,471.00	-26.22

Data: CMIE Economic Outlook





## INTERPRETATION

In a general sense, Foreign Direct Investments Inflows indirectly leads to an increase in exports. FDI Inflows increase the productive capacity of an economy which in turn facilitates an increase in the output on a nation leading to increased exports. FDI Inflows specific to the manufacturing industry would lead to an increase in the exports. The data depicted from the year 2012-2023 represents the overall Foreign Direct Investment in the country and hence a positive relationship between FDI Inflows and exports is not evidently depicted through the data. An upward spike is observed in the investment inflows during the year of the pandemic i.e., 2020 from \$30,713 Million to \$43,012 Million. Contrasting to this, the exports have considerably decreased to \$3,13,184.80 Million in the same year which could be a causality of the restrictions in trade due to covid 19 pandemic. The line graph of the change year on year change provides supporting evidence for the same. An inverse relationship can be observed from the year 2021-2023 where exports show an increase of \$4,22,305.60 Million to \$4,50,439.30 Million whereas it is noticed that a there is fall taking place in the Foreign Direct Investments Inflows from \$38,587 Million in 2021 to \$28,471 Million in 2023. The peak of FDI inflows is assessed in the year 2020-2021 at \$43,956 to help combat the effects of the pandemic taking place and in order to provide relief.

## CONCLUSION

The data describes the various trade aspects of India and how the events happening in the world affects the same. It identifies the dips and hikes in the individual data sets and relates to the wars or the global pandemic taking place in the world. It justifies that analogies and deviations are noticed through quantitative measures whenever there is a fluctuation from the normal functioning of the world. Revenues from the trade play a significant role in the stable functioning and the upliftment of the economy for any given nation and are therefore crucial to analyze and assess the natural flow of the same and to determine what leads to a change in them. Trade fluctuations on a greater scale could hinder the economy and affect it negatively as well. Stability and consistent growth are crucial to establish. The trade of the country is observed to change its pace given the global pandemic or a war taking place in the world which adversely affects the trade movements of the country given the change in prices of products (especially oil) and the fluctuating demands of the people and industries and restrictions imposed on the movement. Foreign trade of India has deviated to a greater extent over the years but measures have always been taken to ensure a stable growth.

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