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TRENDS IN INDIAN FOREIGN TRADE
(COMMODITY-WISE ANALYSIS)
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Trends in Indian foreign trade (Commodity-wise analysis)

Introduction: The present chapter covers the merchandise trade and trade composition of the Indian foreign trade beginning from 1997. The trade data is analyzed to reveal the gradual changes in the composition of the Indian foreign trade during the initial years of liberalization.

Indicative of the openness and liberalization, was the pace that the Indian economy was gaining at the start of liberalization period. The ratio foreign trade to GDP (in rupee terms) was on an increase. It moved up from 11.6 percent in 1985-86 to 14.1 percent in 1990-91. At that part of time it was even expected that said the ratio could even move up to 19.6 percent in 1997-98. As the Indian economy was being opened up, the exports witnessed a strong growth of around 20 % since 1992-93 in the U.S. dollar terms. However in 1996-97 rate of growth fell down to 5.3 percent and continued to be sluggish in 1997-98.

In 1996-97 when the Indian exports dropped down it was a time when even the rate of growth of world exports in U.S. dollar terms fell down to 3.7 percent after having experienced a high growth rate of 19.8 percent in 1995 and 13.7 percent in 1994. Even on a whole the developing countries recorded a sluggish growth of 5.9 percent in exports in 1996. This was far below the figure, which they had scored in the year 1995 (21.5 percent) and 1994 (16.5 percent). The growth rate of exports in the Asian economies including China also came down in 1996 as compared to 1994 and '95 (TABLE 2.1)

A similar situation was developing in advanced nations around the world. Even they were experiencing in a slowdown in their import growth, which was in fact mirroring a slowdown in their domestic economy growth. This decline in the imports was quite steep (TABLE2.2). The imports of U.S. and Japan, two largest export destinations, recorded only 6.6 percent and 4.0% respective import growth in 1996. It was because of this reason that our exports got affected in the period 1996-97.

To compound the problems being experienced in the Indian exports, rupee appreciated as against the currencies of India's major trading partners. There was also failure in the world import growth to recover and by that time the Asian crisis also made its nasty contributions. All this led to a slowdown in the export growth of the country in the period 1997-98.
Apart from the above problems even Indian economy was facing the various constraints as regards the export policy matters. There was a quantitative ceiling on agricultural exports, and the exporters were experiencing a high transaction cost and infrastructure constraints. Further there were many sector specific hindrances (e.g. in Leather diamonds, gems, textiles) that led to a decline in export growth of the country.

After the exports the imports of the country in U.S. dollar terms followed the same pattern. As compared to 1994-95 and 1995-96, the import growth decelerated to 6.7 percent in U.S. dollar terms in 1996-97 from a high of 22.9 percent and 28 percent of the earlier years respectively. A weak domestic demand and a slowdown in the industrial activity were found to be the major factors responsible for this slowdown in the export to growth rate. In 1997-98 the poor growth in imports picked after the first quarter. Due to the continuous decline in the international prices, the POL imports continuously declined and the non-POL imports grew sharply by a provisional growth rate of 14.5 percent in 1997-98.

The trade deficit was continuously widening from dollar 2,324 million in 1994-95 and 5,653 million in 1996-97 to 6,799 million (provisional) in 1997-98. The central government came up with the EXIM policy of 1992-97, which brought in many changes in the policy, regulations, and procedures as regards the Indian foreign trade. Quantitative restrictions, licensing and discretionary controls over the imports were lessened or revised or removed or changed. The EXIM policy, which was formulated in April, 1997 was revised on April 13, 1998.
1997-98 (Composition of trade):

The period of 1990's witnessed a change in the composition of Indian exports. On one hand the shares of ores and minerals progressively declined from 4.6 percent in 1991-92 to 3.5 percent in 1996-97, and the trend continued during 97-98 when the share of manufactured exports showed an increasing trend. Their share grew from 74 percent in 1991-92 to 75 percent in 1995-96. The agricultural exports of the country grew by 10.3 percent in 1996-97, but declined by a 6.6 percent in April- January 1997-98. It experienced a drop from 20.5 percent to 18.8 percent of the total exports in the same said period. This was due to an increase in the domestic demands for a few agricultural products and the ceilings for imposed and the ban by the European Union.

The growth rate of manufactured goods exports increased in from 2.5 percent in 1996-97 to 5.3 percent in April-January 1997-98, raising its share from 74.1 percent to 75.7 percent. The growth of unmanufactured tobacco posted the highest change of 58.7 percent between 1996-97 and 1997-98 (April- January). It was followed by tea, which recorded a change of 43.1 percent in the said period. Next in line was the primary and semi finished iron & steel exports, which posted a change of 15.2 percent. Below fifteen percent change were
the products like spices; drugs, pharmaceuticals and fine chemicals; machinery and instruments; cotton yarn, fabrics, made-ups etc; and marine products.

The composition of the imports was unable to display any trend during 1990's. As per the Economic Survey of India (1997-98), Ministry of Finance, Government of India, the share of food and allied products and fertilizers in total imports increased. The share of the POL imports in the total imports however declined to 21.2 percent in April-January 1997-98, from 26.2 percent in the same period of previous year. The high growth in non-POL imports brought their share in total imports to 78.8 percent in April-January, 1997-98 from 73.8 percent in the same period of previous year However, the cereals between 1996-97 and 1997-98 (April-January) posted the biggest rise of 489.6 percent. The fertilizers, professional instruments, optical goods showed a change of 36.8 and 26.5 percent respectively. The imports of portals, precious and semi-precious stones; iron& steel; electrical machinery and electronic goods was 24.7 percent, 16.6 percent, and 14.4 percent respectively. The below 10 percent mark changes where chemicals and manufactures of metals which recorded the change in imports of 8.3, and 3.3 percent respectively (TABLE 2.3)
1998-99 (Composition of trade):

The period of 1998-99 was experiencing the fallouts of the East Asian crisis that erupted in July, 1997 and continued to deepen in 1998. This crisis had a profound impact on the normal international financial flows. Further the percentage change in world trade in goods (in volume terms) came down from 9.5 percent in 1997 to 5.3 percent in 1998. For the East Asian countries, the percentage change in output declined from 4.5% in 1997 to -8.0%. It is in this context that the trade composition of India needs to be studied.


In 1996-97 and 1997-98 the growth in the value of exports was a real one as indicated by the volume index of exports prepared by the DGCI&S. However, sector-specific problems which contributed to sluggish growth in exports included quota problems and constraints in increasing garments production in the textile sector, global recessionary conditions affecting demand for gems and, and jewellery, lease/renewal problems affecting granite exports, pollution control issues affecting leather exports, ceilings on export of iron ore, volatility of agricultural exports and restrictions and levies on inter-state movement of some export products. Overall, certain domestic factors were also responsible in hampering

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The growth of exports. They included infrastructure constraints, high transaction costs, SSI reservations, labour inflexibility, quality problems and quantitative ceiling on agricultural exports. Apart from this the imports (in U.S. dollars) into the advanced economies which are India’s major trading partners slowed down, reflecting both weak demand and also movements in cross currency exchange rates (Table 2.6):

REFERENCE: 1998-99 ECONOMIC SURVEY, MINISTRY OF FINANCE, GOVT. OF INDIA

Imports (in U.S. dollars) also decelerated in the period of 1998-99, although on a relatively smaller scale. The growth in the imports moved down from 6.7 percent in 1996-97 to 4.2 percent in 1997-98. The factors responsible for this deceleration were the weak domestic demand, slowdown being experienced in the industrial activity and the declining international POL prices.
As per the Table 2.7 depicted above between 1997-98 and 1998-99 all the product categories have shown a negative change in their export growth in U.S. dollar terms. The Agricultural and Allied products in terms of value are placed in the fourth position amongst the losers. The exports of Agricultural and Allied products went down by 234.3 million U.S. dollars. Their percentage in total exports of the country, however, came down from 18.93 percent (1997-98) to 18.17 percent (1998-99). The exports of Ores and minerals also went down by 169.11 U.S. million dollars which in percentage terms comes to 15.91. The Manufactured goods exports received a marginal decline of 2.98 percent in overall terms. Within the Manufactured goods category the leather and leather manufacturers exports gained by 1.65 percentages whereas readymade garments and other manufactured goods gained 12.44% and 7.21 percent respectively. The chemicals and related products exports however lost by 8.3 percent while engineering goods lost by 15.96. The textiles (excluding the readymade garments) lost by 13.20%. The petroleum and crude products exports received a fall of 263.77 US million dollars which in percentage terms comes to 74.68 percent.

As for the commodity composition of imports for the year 1998-99 from the above Table 2.8 it can easily be deduced that except petroleum & crude products and chemicals & related products all commodities posted a positive change in imports between 1997-98 and 1998-99. The imports of food and related items moved up by 1078.94 US million dollars which in percentage terms came to 64.30 percent. The imports of textiles (including RMG) moved up by 47.59 million U.S. dollar posting a positive change of 11.63 percent. The import of the capital goods moved up by 148.77 million U.S. dollar bringing a small change of 1.86 percent between 1997- 98 and 1998-99. The imports of other non-POL items moved up by 1457.26 million U.S. dollar which in percentage terms came to 8.64. The
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imports of other commodities rose by 104.5 million U.S. dollar bringing the change of 5.98 percent.

1999-2000 (Composition of trade):

The start of 1999 witnessed most of the economies of the East Asia, recovering from the East Asian crisis. The widespread fears of the credit crunch and the consequent recession were blown up during the East Asia crisis. The financial conditions around the globe also started improving and the decline in the prices was arrested to an extent. As per the Economic Survey of India (1999-2000), Ministry of Finance, Government of India, the world trade prices, in U. S. dollars, of the non-fuel primary commodities were projected to increase by 2.8 percent in 2000 in contrast to the declines of 15.7 percent and 11.2 percent in 1998 and 1999, respectively.

The Economic Survey of India (1999-2000), Ministry of Finance, Government of India, revealed that the composition of exports witnessed a gradual increase in the share of manufactured exports. It also spoke of the rising share of the manufactured exports in the total exports of the country. On the other hand, during the period April-November, 1999 there was a decline in the exports (in U.S. dollar) of Agriculture and Allied products. Earlier the exports of Agriculture and Allied products during 1998-99 faced a low unit value realization and also a lower export quantum. Thus, the share of the Agriculture and Allied products exports in the total exports of the country dropped down. The Ores and minerals exports were continuously losing their sharing the total exports. In the period April-November, 1999 they constituted 2.1 percent of the total exports of the country. The same was the trend shown by the exports of crude and petroleum products. Like the ores and minerals, their exports also will continuously coming down since 1995-96.

It was the increasing share of manufactured exports in the total exports of the country which was in fact changing the composition of the country's exports. The prominent commodities that displayed a high growth rates during April-November, 1999 included gems and jewellery, cotton yarn fabrics and made ups, ready made garments, manufacture of metals, handicrafts, transport equipment, primary and semi-iron & steel, electronic goods, cashew nuts and marine projects.
The Center for Monitoring Indian Economy (CMIE) which sources its data from both
the Reserve Bank of India statistics and the DGCI&S Statistics provides the above picture as
depicted in Table 2.9. As per its estimates, the agriculture and allied products have gone
down by 1019.33 U.S. million dollars between 1998-99 and 1999-2000. The downfall was of
15.36 percent. Compared to this the ores and minerals went up by 24 U.S. million dollars
bringing a marginal positive change of 2.68 percent. The manufactured goods in the said

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period grew by 3964.93 U.S. million dollars which signified a change of 15.37%. The top
contributions in the area of manufactured goods came from chemicals and related products
which reached 3571.67 US million dollars and the engineering goods which reached 5112.59
million US dollars. The textiles (excluding the ready made garments) reached 5063.14 million
US dollars while the ready made garments went up to 4770.9 million US dollars. The exports
of other manufactured goods went up to 9540.15 U.S. million dollars. The exports of
petroleum crude & products slid down by 59.39 US million dollars signifying a change of -

The commodity composition of imports for the country for the year 1999-2000 is
depicted in Table 2.10 given below:
The above Table No. 2.10 shows that the imports of food and related items went down by 101.8 U. S. million dollars which in percentage terms comes to 3.69 percent. The imports of textiles (including the RMG) went up by 82.37 U. S. million dollars displaying a rise of 18.03 percent between 1998-99 and 1999-2000. The imports of the capital goods however went down by 1,697.88 U. S. million dollars. The imports of chemicals & related products went up by 451.79 U. S. million dollars showing a rise of 10.05 percent. The imports of other non-POL items was 20,717 U. S. million dollars while the imports of other commodities shot up by 2.53 percent which in value terms came to 46.94 U. S. million dollars.

2000-2001 (Composition of trade):

The global economic and financial condition that deteriorated following the crisis in Asia and the Russia staged a rapid recovery in 1999 and continued to gain strength in 2000. The U. S. economy was leading the economic recovery process together with a robust upswing in Europe, and the rebound in economic activities in emerging markets of Latin America and the Middle East. The global output growth was estimated at 4.7 percent in 2,000 and 4.2 percent in 2001 as per the World Economic Outlook, October 2000 IMF. As per the report the output in the Asian countries was projected to grow at 6.7 and 6.5 percent in 2,000 and 2,001 respectively. As for India, the growth in the output was projected to that 6.7 and 6.5 percent in 2,000 and 2,001 respectively. The World Economic Outlook (IMF) October 2000 projected the growth in world trade volume (goods and services) at 10 percent and 7.8 percent in 2,000 and 2,001 respectively. As for the world trade prices (in U. S. dollar terms) for manufacturers a downfall of 5.3 percent and a rise of 11.1 percent in 2,000 and 2,001 respectively were projected. The oil prices at the international level were expected to grow by 47.5 percent in the year 2,000. The prices of non fuel primary commodities were expected to grow by 3.2 percent and 4.5 percent in the years 2,000 and 2,001 respectively.

The performance of India's merchandise exports and its broad components into exports of agricultural and allied products and manufactured goods is given below:
The exports of the country witnessed an upswing in the financial year 2000-2001. During the first nine months from April to December 2000, the exports in U.S. dollar terms increased by 20.4 percent as compared to a rise of 10.3 percent during the corresponding period last year. The strong performance of the exports of the country was facilitated by an anticipation of a more robust global economy, resurgence in world trade and improvements in world commodity prices in 2000. Several export promotion schemes and measures were also implemented by the Government of India to boost up exports. The large current account surplus of the Asian and Pacific region in 1998 contracted in 1999, reflecting primarily the pickup in import demand of the region. This import expansion also aided the upsurge in the Indian exports. The country’s imports to the advanced economies also accelerated. The imports made by the major countries like the USA, UK, Japan and Germany during 2000, thus, contributed to the country’s exports. However, like other developing nations, the Indian exports were anticipated continued to face the threats of a protectionist sentiments from the developed world. The non-trade barriers affected our exports. The performance of exports of selected Asian countries is mentioned in the Table 2.12:
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The overall import growth of India in the financial year 2,000-2,001 during April-
December 2000 was moderate as imports increased by 9 percent as compared to a higher
growth rate of 10.7 percent in the corresponding period of last year.

The buoyancy in exports in the financial year 2,000-2,001 was contributed by growth
in manufactured exports, exports of ores and minerals and petroleum products which
recorded growth rates of 19.9 percent, 87.5 percent, and 2473.1 percent respectively during
April-October, 2000. Agriculture & allied products continued to show a declining trend as
they fell down by 2.8 percent in this sector during the said period. The industrial items
displayed a strong performance. The chemicals and related products (38.0 %), textiles
including ready-made garments (18.8%), engineering goods (28.5%), performed better.
Exports of iron ores (54.4%) and marine products (18.1%) also recorded a high increase in
exports. The poor export performers in the exports were the un manufactured tobacco (-
40.3%), coffee (-33.9%), Cashew nuts (-28%), spices (-22%), raw cotton (-18.8%), tea (-
14.9 percent) and cereals (-1.4 percent).

The POL imports in the financial year 2,000-2,001 received a sharp jump of 73.3
percent during the first nine months from April-October, 2000. Of the total imports of the
country, the POL items thus constituted 32.8 percent. The non-POL imports however
decreased in the above period. The imports of food and Allied products, fertilizers, capital
goods and other intermediate imports went down. The major commodities contributing to
this decline in imports in the financial year 2,000-2,001 included cereals, edible oils, gold and
silver, chemicals, sugar, medicinal and pharmaceutical products, metalliferous ores and
mental scrap and non-ferrous metals. The non-POL imports was in sharp contrast to the
popular perception of increasing imports a hurting the domestic industry. The import
pattern indicated a sluggishness of the domestic investment demand together with the new
and under-utilization of production capacity.

As per the CMIE Report (Foreign trade and balance of payments, October 2,002) the
exports of agricultural and Allied products in the year 2,000-2,001 in million U.S. dollar
terms was 59829.04. Over the previous year these exports had moved up. The export of ores
and minerals was 1154.87 US million dollars. The manufactured goods exports moved up
over the previous year and reached 34391.24 U. S. million dollars. Under this segment of
manufactured goods exports of leather and leather manufacturers was to the queue off
1947.61 million U. S. dollars. The exports of chemicals and related products was 4260.14 million U. S. dollars. The engineering goods exports in the year 2000-2001 moved up to 6761.16 million U. S. dollars. The exports of textiles (excluding RMG) also moved up and reached 5725.4 million U. S. dollars. There was also a rise in the exports of readymade garments (RMG). Their exports were reached a level of 5577.97 million U. S. dollars. The export of petroleum and crude products was to the tune of 1895.52 million U. S. dollars.

The CMIE Report (Foreign trade and balance of payments October 2002) states that the imports of Petroleum crude and products (POL) were to the level of 15675.62 million U. S. dollars. The imports of non-POL items were 34380.65 million U.S. dollars. The import of textiles (including RMG) was 597.74 million U. S. dollars. The import of chemicals and related products was 3861.63 million U.S. dollars. The capital goods imports fell down from the previous year and reached 5744.47 million U.S. dollars. The other non-POL items were imported to the tune of 20399.54 million U. S. dollars. These included items like cashew nuts, cement, computer software, etc.
2001-2002 (Composition of trade):

The world economy that witnessed a growth in the year 2,000, received a marked slowdown in the year 2,001. This deceleration in global output was accompanied by a steep downfall in the volume of world trade. The non-fuel commodity prices are expected to fall significantly thus expressing a depressed market sentiment, and lack of demand in the world economy. This downfall in the world economy was in fact led by the down turn in the U.S. economy which was formally declared to have suffered a recession. This was accompanied by a recession in Japan and the Euro area. The terrorist attacks in the United States on 11th September, 2001 and the Afghanistan attack further dampened the short term prospects for global recovery.

As has been seen earlier, India's export growth after exhibiting a sharp turn around in 1999-2,000, accelerated in 2,000-2,001. The export growth in 2,000-2,001 as per the DGCI&S estimates almost doubled with a growth rate (in U.S. dollars) of 21 percent. This is to be compared with an increase of 10.8 percent in 1999-2,000.

This upswing in exports however was reversed in the first nine months of the financial year 2,001-2,002, (April-December 2,001). The exports only recorded a growth rate a 0.6 percent as compared to a rise of 20.8 percent in the corresponding period of last year. As has been already noted above this marked deceleration in exports was due to the contraction in the world economy. This decline was also supported by an appreciation of the Rupee in real effective exchange terms. The Government of India was required to take corrective measures to improve the export situation in the financial year 2,001-2,002.

The weakening of global demand and the contraction of the trade growth in 2,001 was likely to result in greater competition for our exports from our main competitor countries. Fears were being expressed that the slowdown could also encourage an increasing recourse to non-tariff barriers (NTB). The same was found to be true in a report published by the WTO Secretariat that revealed an increase in the number of investigations initiated by the developed countries against the developing ones.

The import growth in the financial year 2,001-2,002 continued to be subdued as imports in dollar value increased by only the 0.3 percent during April-December 2,001. The growth in the corresponding period was 9.2 percent. The rise in imports was accounted for by increase in non-oil imports with expanded by 7.5 percent. The oil imports, on the other hand, contracted by the 14.6 percent during the first nine months of 2,001-2,002. As per the
The CMIE Report (Foreign trade & Balance of payments- October, 2002) on commodity composition of India's exports reports that the country's total agricultural and allied product exports which in U.S. dollar million terms amounted to 5874.8 was lower than the exports in the year 2,000-2,001. The exports of ores and minerals amounted to 1214.45 million U.S. dollars. It was over and above the figure of 1154.87 million U.S. dollar in the

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year 2,000-2,001. The exports of manufactured goods amounted to 33240.66 million U.S. dollars which was slower than the exports of manufactured goods in the year 2,000-2,001 (34391.24 million U.S. dollars). The exports of leather and other manufacturers was to the tune of 1912.04 million U.S. dollars in 2,001-2,002. The exports of chemicals and related products reached 4275.67 million U.S. dollars in the year 2001-2002. The engineering goods export in 2001-2002 was to the tune of 6876.7 million U.S. dollars. This was over and above the figure of 6761.16 million U.S. dollars in the last year. The export of textiles (excluding RMG) was of 5158.39 million U.S. dollars, a figure which was below the export figure of 2000-2001. The exports of readymade garments also fell down from 5577.97 million U.S. dollars in 2000-2001 to 5004.35 billion U.S. dollars in 2,001-2,002. The exports of petroleum and crude products increased from 1895.52 in 2000-2001 to 2132.68 million U.S. dollars.

The imports of petroleum crude and products (POL) in the year 2,001-2,002 were 14047.94 million U.S. dollars. In the category of non-POL items the imports of the food and related items, went up to 2332.15 million U.S. dollars. The textiles (including RMG) imports were to the tune of 747.65 million U.S. dollars. The imports of chemicals and related products in the year 2,001-2,002 were 4428.86 million U.S. dollars. The capital goods imports increased from 5744.47 in the year 2,000-2,001 to 5984.93 billion U.S. dollars in 2,001-2,002. The imports of other non POL items included cashew nuts, cement, gold and silver, etc.

The exports of agricultural and allied products have since the year 1997-98 all through out lost their share in the total exports of the country. After 1996-97 when they were having a contribution of 20.5% in the export basket of the country they lost their share to 18.93% (1997-98), 18.17% (1998-99), 15.27% (1999-2000), 13.55% (2000-2001), 13.46% (2001-2002). Very recently their share in the total exports has even gone down to 12.28% in the year 2002-2003. Basmati rice, coffee, raw cotton, marine products, oil meals, tea were the prominent losers in this segment whose contribution in the total exports declined. Over any previous year after 1996-97 if we look at the changes in the exports of agricultural and allied products we can deduce that the most significant downfall was in the year 1998-99. In the years 2000-2001 and 2002-2003 this segment of the country’s exports has shown up a positive change over the previous year. In value terms (million U.S. dollars) agricultural and allied products exports have gone down from 6634.2 to 5921.31 (2001-2002) to 6428.52 (2002-2003). There was a fall in the value wise exports of Basmati rice, coffee, raw cotton, spices, and tea. The commodities that were notable gainers during 1997-2002 (in terms of value wise exports) were cashew, floriculture products, fresh fruits and vegetables, marine products, non-basmati rice, poultry and dairy products, processed fruits and juices, sugar and molasses, tea, and wheat.

The exports of Ores & Minerals have lost their percentage contribution in the total export basket from 3.03% (1997-98) to 2.88 percent (2001-2002). Their contribution figure of 3.64% is an all time high since the year 1997-98. Its lowest contribution was in the year 1999-2000 when it accounted for just 2.5% of the nation’s total exports. The notable gainers
in this segment were coal and to some extent iron ore when the figure of 2002-2003 is also
taken in the ambit. Beyond 1997-98, exports of ores and minerals kept on falling till 1999-
2000 when they posted a growth of 2.69% over the previous year. After this they have kept
on progressing over the previous years and in the year 2002-2003 they registered a good rise
of 50.38% over the 2001-2002. In terms of value wise exports the ores and minerals have
increased their value from 1062.54 million U.S. dollars (1997-98) to 1266.69 million U.S.
dollars (2001-2002). They have further increased their export value to a level of 1904.87
million U.S. dollars (2002-2003). In terms of value almost all the components of this
segment (coal, iron ore, mica, and processed minerals) have gained from the year 1997-98 till
the year 2002-2003. The highest of all was the exports of iron ore which reached a total of
861.82 million U.S. dollars in the year 2002-2003. The export of processed minerals was the
next in line in terms of export value to in the period 1997-98 to 2002-2003.

The export of manufactured goods has maintained its hefty share in the total export
basket of the nation during the period from 1997-98 till the period 2002-2003. With a big
contribution of 75.83% in the year 1997-98 the exports of manufactured goods have gone up
to reach a level of 80.93 percent of the total exports in the year 1999-2,000. However they
dropped to 76.14 percent in the year 2001-2,002 and still later in the year 2002-2,003 to
73.42 percent. In terms of the growth over the previous year the manufactured goods have
witnessed ups and downs. They posted a rise of around 8 percent in the year 1997-98 over
the previous year. During 1999-2,001 their rate of growth over the previous year was around
15 percent. In the year 2001-2,002 they suffered a minor fall 2.64%. However in the year
2002-2,003 they have attained a growth rate of 14.84 percent over the previous year. In value
terms (million US dollars) they have moved up from 26578.59 (1997-98) to reach
The export of leather and leather manufacture has throughout the period from 1997-98 to
2002 maintained its contribution in the export basket at a level around 4% approximately. There was a small fall in its contribution in the year 2002-2003. In terms of
growth over the previous year the leather and leather manufactures have mostly posted a
negative growth in the period 1997- 2003 with intermittent spells of the positive growth
notably in the year 2,000-2,001. In value terms (million US dollars) they have gone up from
1658.69 (1997-98) to reach 1791.65 (2002-2003). In the second category lie the chemicals and
related products. During 1997-2,002 their contribution in the exports of the country has
remained at a level around 9% percent. The drugs, pharmaceuticals and fine chemicals have
made a good contribution in this category. They have increased their share from 4.17%
(1997-98) to 4.72% (2,002-2,003). In terms of percentage growth over the previous year the figures have seriously declined from 17.37 percent (1997-98) to 1.39% (2001-2002). However the percentage growth has picked up in the year 2,002-2,003 to reach the level of 15.61%. In value terms (million US dollars) they grew from 3335.47(1997-98) to 4993.6(2002-2003). In the third category lie the engineering goods that make a handsome contribution of between 13 to 15 percent of the total exports during the period 1997-2,002. They have furthered their contribution to 16.01 percent of the total exports made in the year 2,002-2,003. The notable contributors in this category were the electronic goods, machinery & instruments, manufactures of metals, and transport equipment. In 1997-98 the percentage change over the previous year in the exports of the engineering goods was 7.91 percent. After reaching a high level of growth of 32.25 percent over the previous year, the growth rate declined to a level of 2.94 percent in the year 2,001-2,002. However the growth rate gained strength in the year 2,002-2,003 and touched a level of 20.46 percent growth over the previous year. In value terms (million US dollars) they grew from 5282.87(1997-98) to 8584.44(2002-2003) The fourth major category is made up of the Textiles (excluding the RMG). Unfortunately its contribution to the total exports has declined all through out from the year 1997-98(14.78%) till the year 2001-2002(11.86%). Its contribution has further declined in the period 2002-2003 to reach a level of 10.99% of the total exports. In terms of percentage change this category has witnessed the highest positive change of 13.08% (2,000-2,001). In the next year it declined to grow again at the rate of 10.26 percent in the year 2,002-2,003 over the previous year. In value terms (million US dollars) they went up from 5180.52(1997-98) to 5752.06(2002-2003). The fifth category consists of the Readymade Garments (RMG) whose share in the total export basket of the country has hovered around 11%-12% during the period 1997-2002. Of late its contribution to the total exports has also declined to reach a level of 10.29% in the year 2002-2003. In terms of percentage growth this category has made a great stride from 3.31 percent (1997-98) to reach of high of 16.92% growth rate (2,000-2,001). It declined however in the next year but picked up somewhat in the year 2,002-2,003 to a level of around 7 percent. In value terms (million US dollars) they have grown from 3880.85(1997-98) to 5387.49(2002-03). The sixth category of other manufactured goods has shown a rise from 20.66% (1997-98) to 22.84% (2001-2002). Its contribution has further increased to reach a level of 23.18% in the year 2002-2003. The notable gainer in the category was the gems & jewellery which enhanced its contribution in the export basket from 15.27% (1997-98) to 16.67% (2001-2002) and further to 16.93% in the year 2002-2003. In percentage terms this category gained a lot by increasing its growth.
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rate from 8.23% (1997-98) to 23.19% (1999-2000) in the respective previous years. However it declined in the year 2001-2002 by 0.72% and picked up to 20.86% (2002-2003). In value terms (million US dollars) they grew from 7240.18 (1997-98) to reach 12141.95 (2002-03).

The Petroleum & crude products and other commodities have also increased their share in the export basket from 1.01% and 1.2% (1997-98) to 4.64% and 6.03% (2002-03) respectively.

The composition of imports has also changed between the period 1997-98 and 2001-2002 and still further in the year 2002-2003. They could be analyzed for the two broad segments under which the imports of India have been studied.

The imports of Petroleum crude and products (POL) have increased their contribution continuously from 19.68% (1997-98) to 27.23% (2001-02) and further to 28.78% (2002-03) in the country's import basket. These imports made the greatest stride of 97.38 percent in the year 1999-2000. Earlier between 1997-99 they have shown of falling trend over the previous year. This falling trend in percentage terms over the previous year was again observed in the year 2001-2002. Of late in the year 2002-2003 these imports have again picked up. In value terms (million U.S. dollars) the imports of POL items moved up from 8173.81 (1997-98) to 17685.31 (2002-2003).

The imports of the Non-POL items on the whole has decreased its burden in the total imports of the country from 80.32% (1997-98) to 72.77% (2001-2002) and further to 71.22% (2002-03). In value terms (million U.S. dollars) these imports have gone up from 33560.75 (1997-98) to 43760.09 (2002-2003). It consists of five categories. The first category of imports of food and related items has maintained a contribution of 3% to 4% in the total value of imports made during 1997-2002. Of late in the year 2002-2003 its contribution in the total value imports was 4.31%. The second category of imports is made up of textile yarn fabrics, made up articles. Their imports have continuously increased their contribution in the total imports of the country from 0.99 percent (1997-98) to 1.45% (2001-2,002). Still further they've increased their share to 1.56 percent of the country's total imports in the year 2002-2003. The third category of imports is of the chemicals and related products. This category has declined in terms of percentage share in total imports from 11.33 percent in the year 1997-98 to 8.66 percent in the year 2001-2,002. In the year 2002-2003 its contribution in the total imports has further declined to 7.63 percent of the total imports of the country. The fourth category of imports is made up of capital goods which have also come down from 19.18 percent of the total imports (1997-98) to 12.68% in the year 2001-2002. There was a marginal decline in the year 2002-2003 when they reached the level of 12.56%. The fifth
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category consists of the other non-POL items whose contribution has gone down from 40.57 percent of the total imports in the year 1997-98 to 39.49% (2002-03). The significant items that have increased their share in the total imports after 1997-98 are the electronic goods, gold and silver, and pearls precious and semiprecious stones.