

India's Global Trade: A Comprehensive Study of Imports and Exports with Leading Trading Nations

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Abstract: This study presents India's import and export patterns with its top ten trading partners. It aims to identify the variables that impact India's trade ties and their implications for its economic growth. The paper examines trade data, market trends, and monetary policies. The study highlights the advantages and disadvantages of India's international trade framework, focusing on key commodities, trade volumes, and bilateral trade agreements. The outcome shows how strategically significant these top trading partners have been in shaping India's trade environment and provides insight into possible areas of policy action to improve trade performance. This study contributes to the understanding of India's role in the global trade landscape and provides recommendations for fostering more substantial and equitable trade relationships.

Keywords: Economic Impact, Exports, Imports, International Trade, Market Trend.

1 INTRODUCTION

In the twenty-first century, India is one of the world's fastest-growing economies. Imports and exports play an essential role in global trade [1][2]. India's trade history is rich and diverse, dating back to historical instances when it was a hub for spices, textiles, and other valuable commodities. Over the centuries, patterns of trade have evolved, driven by colonial rule, post-independence economic policies, and globalization. Understanding this historical context helps in analyzing modern trade trends and policies [3].

A diverse mix of traditional village farming, modern agriculture, handicrafts, a wide range of industries, and numerous services characterizes India's economy. In recent years, monetary reforms and liberalization have spurred significant economic growth, enhancing India's trade potential. This study identifies the key sectors of India's economy and their contribution to trade [4]-[7]. The objectives of the research are listed below:

1. Examine the trade patterns of India's top ten trading partners.
2. Analyze how these trade connections affect India's economic expansion.
3. Offer policy recommendations to enhance India's trading performance.

The methodology combines qualitative evaluations of economic reports and policy documents with quantitative analysis of trade data from multiple credible sources. The study aims to provide a comprehensive understanding of India's trade environment and its connections with critical global partners by merging various methodologies.

2 REVIEW OF LITERATURE

Rajkonower A. B. et al. attempt to analyze trade functions at multiple levels but lack coherence [8]. One potential first step could be for India to spearhead a conventional South-South alliance in the Doha Development Agenda, albeit with the risk of negotiations failing and engaging in numerous purely political discussions with multiple nations without clear commercial benefits. India primarily aims to maintain its leadership role in the developing world while safeguarding itself from isolation.

Batra A. suggests that India's potential for international trade is significant, with a strong belief that the Asia-Pacific region, Western Europe, and North America offer the highest trade potential for India [9]. Trade expansion with nations such as China, the UK, Italy, and France holds the greatest potential. According to projections, India could increase its trade with nations such as Georgia, Turkmenistan, and Uzbekistan by ten times or more. Most of the CIS nations show promise for increased trade with India.

Naik P. K. employs the gravity model to investigate the factors influencing India's recent trade volumes with its 20 primary trading partners [10]. The empirical research considers several key variables to identify determinants of India's trade volumes. To understand the economic context of these trade ties, the per capita incomes of the 20 main trading partners are examined first. Higher per capita incomes suggest greater purchasing power and demand for products and services, potentially leading to increased trade with India. Geographical distance between India and its trading partners is also a critical factor.

Dhinakaran D. D. P. et al. concluded that India's imports and exports stalled during the COVID-19 lockdown [11]. Following the lockdown, the central and state governments of India faced several social, economic, political, and institutional challenges. The repercussions of a halt in exports and imports remain mainly unknown to the public; if fully disclosed, they could continue to affect public sentiment as they did during the crisis. Apart from the above, many studies have analysed India's trade relations with global partners [12]-[18].

3 DATA ANALYSIS

India's trade landscape is shaped by its interactions with key global partners. Examining trade data helps in understanding the balance between imports and exports, the reliance on specific countries, and the overall trade performance. This section presents India's trade patterns with its top ten trading partners, highlighting key trends, trade imbalances, and the evolving role of significant economies in India's international trade framework. Tables 1, 2, and 3 provide a detailed breakdown of India's total trade with these countries over two financial years.

Table 1. Top 10 Countries by Total Trade (2022-23) in ₹ Crore

Country	Export	Import	Total Trade
USA	6,30,151.51	4,08,620.95	10,38,772.46
CHINA	1,22,773.99	7,90,931.63	9,13,705.62
United Arab Emirates	2,53,852.38	4,27,405.64	6,81,258.02
SAUDI ARABIA	86,271.37	3,37,571.87	4,23,843.24
RUSSIA	25,462.70	3,74,003.31	3,99,466.00
INDONESIA	80,335.18	2,30,815.28	3,11,150.46
IRAQ	21,776.64	2,75,202.15	2,96,978.79
SINGAPORE	96,184.96	1,89,828.25	2,86,013.21
HONG KONG	79,497.42	1,46,586.43	2,26,083.85
South Korea	53,275.35	1,70,631.81	2,23,907.15
Total of the Top 10 countries	14,49,581.51	33,51,597.29	48,01,178.80
India's Total	36,21,549.86	57,49,801.02	93,71,289.39

Source: <https://tradestat.commerce.gov.in/> [19]

The information in Table 1 shows that India's commerce with its top ten trading partners has a sizable discrepancy between imports and exports. India relies more on imports than exports, with imports from these nations accounting for roughly 58.31% of India's total imports and exports to them making up about 40.02% of India's total exports. The United States is India's largest trading partner among the top 10, accounting for 21.62% of total trade, surpassing China's 19.03% share. This implies that although China is an important trading partner for India, the United States continues to hold the top position in terms of total trade volume. This disparity highlights India's increased reliance on imports from these key nations, especially when compared to its export figures.

The information in Table 2 shows that China has surpassed the U.S. and become India's top trading partner in 2023-24, according to revised figures. China plays a primary role in India's trade relations. A significant portion of India's total international trade is conducted with its top 10 trading partners, with imports from these countries accounting for 59.19% of all imports and exports to them comprising 42.12% of total exports. This illustrates India's continued heavy reliance on imports from these crucial partners.

India's top 10 buying and selling partners were responsible for 40.03% of its total imports and 58.29% of its total exports during the fiscal year 2022–2023. This results in a 51.23% overall change share, which is mixed. It implies that a large portion of India's transformation—more than half—became concentrated in these critical nations, with a heavy reliance on them for both riding export growth and importing essential goods and offerings. The significant role these countries play in India's economic affairs is evident in their high export percentages. Their significant import percentage highlights the crucial role they play in meeting domestic demand in India. The volume of imports and exports affects GDP, interest rates, inflation, and exchange rates. A nation's trade balance influences economic stability, as high imports may lead to trade deficits that impact interest rates and inflation, while strong exports can boost GDP and create jobs. A widening trade deficit can weaken the domestic currency, as increased imports require more foreign currency exchange, putting downward pressure on the local currency's value. Conversely, a strong domestic currency makes exports more expensive, potentially reducing demand and slowing export growth.

Table 2. Top 10 Countries by Total Trade (2023-24) in ₹ Crore

Country	Export	Import	Total Trade
CHINA	1,37,966.45	8,42,467.28	9,80,433.74
USA	6,41,766.35	3,37,490.98	9,79,257.33
United Arab Emirates	2,95,095.24	3,97,763.71	6,92,858.95
RUSSIA	35,288.03	5,08,643.51	5,43,931.54
SAUDI ARABIA	95,748.99	2,63,354.42	3,59,103.41
SINGAPORE	1,19,392.42	1,75,561.32	2,94,953.74
IRAQ	27,766.76	2,48,556.11	2,76,322.87
INDONESIA	49,515.17	1,93,863.89	2,43,379.06
HONG KONG	68,299.15	1,69,373.54	2,37,672.69
SOUTH KOREA	53,114.99	1,75,045.97	2,28,160.96
Total of Top 10 countries	15,23,953.57	33,12,120.73	48,36,074.30
India's Total	36,19,291.86	55,92,876.32	92,11,651.51

Source: <https://tradestat.commerce.gov.in/> [19]

Table 3. Share in Percentage of Top 10 Countries with Total Trade

Year	Import (%)	Export (%)	Total Trade Share (%)
2022-23	40.03	58.29	51.23
2023-24	42.11	59.22	52.5

Source: <https://tradestat.commerce.gov.in/> [19]

On the other hand, a weaker home currency can make exports more competitive internationally while raising the cost of imports, which may contribute to inflation. An increase in imports combined with a widening trade deficit can be detrimental to a nation's currency value. A country's currency tends to depreciate when imports rise significantly, and the trade balance deteriorates. Increased imports lead to a more significant amount of domestic currency being exchanged for foreign currencies, raising supply and potentially lowering the value of the domestic currency.

This trend exacerbates the trade deficit, as imports increasingly outweigh exports, resulting in a more significant outflow of domestic capital and additional pressure on the currency. Deregulation may reduce the cost of imported goods and help control inflation. A nation's exports may become more expensive for overseas consumers due to a strong local currency, which could lower demand and hinder export growth. A stronger currency makes imports cheaper, potentially increasing import volumes. Conversely, a weaker home currency can boost exports by making them more affordable and competitive in international markets. However, a weaker currency also raises the cost of imports, which may contribute to inflation by increasing the prices of foreign goods. India's top imports include mineral fuels, oils, and distillation products, which form a crucial part of its energy needs.

Pearls, gemstones, and precious metals also contribute significantly to imports. Electricity and electronics play a major role in India's import sector, along with equipment such as nuclear reactors and water boilers. Organic drugs, followed closely by plastics, are other key imports. Additionally, animal and vegetable fats and oils, along with splitting agents, remain essential. Iron and steel, coal, inorganic chemicals, precious metal alloys, and isotopes are also notable imports. Optical, photographic, mechanical, and medical equipment make up a substantial share of imports, and pharmaceutical products also hold significant importance. Lastly, copper imports maintain a dominant position in India's overall import structure. Exports for 2022 showcased a diverse range of products, spanning multiple industries.

Mineral fuels, oils, and distillation products led the export category, highlighting the importance of energy-related trade. This was followed by pearls, precious stones, metals, and gold, which play a key role in both the luxury and manufacturing sectors. Machinery, nuclear reactors, boilers, and other specialized exports reflect India's growing technological capabilities. The electricity and electronics sector further reaffirms India's technical strength in global trade. Organic medicines and pharmaceuticals make a significant contribution to global healthcare and industrial production. The export of automobiles, rail, and tram cars demonstrates a growing global demand for Indian transportation products. Additionally, iron and steel, grain, aluminium, plastics, and building materials reflect India's strong presence in both raw and manufactured goods exports.

India also exports a wide variety of chemicals, cotton, fish, crustaceans, aquatic invertebrates, sugar, and sugarcane, highlighting its substantial role in the global trade of agricultural and marine products.

4 DISCUSSION

India's global trade landscape showcases its dynamic economic integration with the world, characterized by a diverse range of trading partners and commodities. On the export front, India has established itself as a key supplier of goods such as petroleum products, textiles, prescription drugs, and agricultural products. These exports are driven by competitive pricing, stringent quality requirements, and strategic trade agreements that have opened markets in regions such as North America, Europe, and Southeast Asia. The diversification of its export portfolio has helped India mitigate risks related to international market fluctuations and reinforced its role within the global supply chain.

On the import side, India's demand is primarily driven by the need for energy sources, raw materials, and high-tech goods. Crude oil, equipment, electronics, and chemicals are among the top imports, reflecting India's commercial and technological growth. India sources these goods from its principal trade partners, including China, the United States, the UAE, and Saudi Arabia. Imports play a crucial role in supporting India's manufacturing and service sectors, driving domestic consumption, and promoting economic growth. However, the trade deficit remains a challenge, necessitating sustained efforts to bolster exports and maintain balanced trade relations.

5 CONCLUSIONS

The dynamics of India's international commerce illustrate the intricate interplay between its expanding economic influence and strategic alliances. The country's imports and exports are significantly influenced by its trade relations with key partners, including the United States, China, the European Union, and ASEAN nations. India's export portfolio is growing increasingly diverse, encompassing both traditional goods, such as textiles and agricultural products, as well as high-tech items like software and pharmaceuticals. However, crude oil, electronics, machinery, and other essential goods continue to drive India's import dependency. The trade patterns show that India's strong export sectors help offset its reliance on imports of technology and energy. As India expands its international trading network, it must prioritize infrastructure development, trade policy reform, and innovation to sustain growth and achieve a more balanced trade position.

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ETHICS STATEMENT

This study did not involve human or animal subjects and, therefore, did not require ethical approval.

STATEMENT OF CONFLICT OF INTERESTS

The authors declare no conflicts of interest related to this study.

LICENSING

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