

# **Vivekanand College, Kolhapur (Autonomous)**

**Department of BBA**

## **Subject- International Business**

*Topic- International Business in India- Volume, Direction and Composition*



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## International Business in India- Volume, Direction and Composition


- Foreign trade transactions involve inflow and outflow of goods and services from one country to rest of the world.
- No land on this world having all the resources. Therefore reasons for dependency exist among countries.
- A country export surplus item and imports the deficit ones.
- Due to this trade activity, many countries have been benefited and have reached to the stage of development from the stage of developing or underdeveloped.
- India is also involved in international trade. After independence, during the planning periods many efforts and initiatives were taken by the government of India to **increase export.**

# Volume of Trade-

Year	Export (Cr.)	% change	Import (Cr.)	% change	Difference (Cr.)	Total Trade (Cr.)	% change
<b>2000-01</b>	2,03,571	-	2,30,873	-	-27,302	4,34,444	-
<b>2005-06</b>	4,56,418	124	6,60,409	186	-2,03,991	11,16,827	157
<b>2010-11</b>	11,42,922	150	16,83,467	155	-5,40,545	28,26,389	153
<b>2015-16</b>	17,16,384	50	24,90,305	48	-7,73,921	42,06,689	49
<b>2019-20</b>	22,19,854	29	33,60,954	40	-11,41,100	55,80,808	33
<b>2020-21</b>	19,00,915	-14	25,55,772	-42	-6,54,857	44,56,687	-20


# Composition of Trade-

- The composition of India's foreign trade relate to the types of goods and services traded thereby indicating the type of development going within the country.
- If the traded items belong to category of agricultural products then it could be said that the country is striving for the basic needs of life whereas if the composition relates to industrial and capital goods then it could be easily said that the phase of industrialization and development is prevailing in the country.
- Looking at the value of trade and tremendous changes in its amount of trade since 1950 to till date, it shows the economic transformation phase for the country.

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- During the initial five year plans the most traded items were agricultural products (inputs) helping agricultural sector to develop.
  - The agricultural sector development was followed by the development of Industrial sector, Infrastructure sector, Information & Technology sector and Biotech sector etc.

### **Composition of Import-**

- During the first five year plan the main items of import were food grains, raw jute & cotton, transport equipment, iron & steel, fertilizers & chemicals and petroleum products etc. in small quantum.
- But with rapid industrialisation, we imported capital goods like machine, automobiles, tyres & tubes, aluminium etc.
- The variety of products being imported shows diversified development.

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- Since 1950, India imported many goods and services but, great volume & value related to petroleum products shows a great hike since formation of OPEC (Organization of the Petroleum Exporting Countries) in 1973-74.
  - For the purpose of understanding the main items of imports, we can divide it in six categories, in the published information of government of India.
    1. Food and allied products which includes cereals, pulses, cashew nuts and edible oil.
    2. Fuel which include coal and petroleum products.
    3. fertilizers,.
    4. Paper boards and news print.
    5. Capital goods which include machinery, electrical goods, transport equipment and products.
    6. Other which includes chemicals, precious pearl, iron & steel, non ferrous metals, gold & silver, electronic goods, professional instruments, optical goods etc.

## Import of Major Commodity groups during 2015-16 to 2017-18

Sr. No.	Commodity Group	2015-16	2016-17	2017-18
1	Petroleum, Crude & Products	21.77%	22.63%	23.34%
2	Electronic Goods	10.75%	11.16%	11.36%
3	Gold	8.34%	7.16%	7.23%
4	Machinery, Electrical & Non-Electrical	7.48%	7.15%	7.07%
5	Pearls, Precious & Semi-Precious Stones	5.27%	6.19%	7.36%
6	Transport Equipment	4.78%	5.90%	4.88%

## Export of Major Commodity groups during 2015-16 to 2017-18

Sr. No.	Commodity Group	2015-16	2016-17	2017-18
1	Engineering Goods	23.62%	24.37%	25.94%
2	Gems & Jewellery	14.98%	15.74%	13.69%
3	Organic & Inorganic Chemicals	5.22%	5.25%	6.10%
4	Drugs & Pharmaceuticals	6.45%	6.08%	5.70%
5	Textiles	6.47%	6.30%	5.51 %
6	Cotton Yarn/Fabrics/Made-ups, Handloom Products etc.	3.86%	3.58%	3.38%




# Direction of Foreign Trade-

- The composition of various export and import items has also changed with the change in economic policies but in terms of direction of trade, the trading partner more or less remain same excluding their value or volume of composition.
- among the various trading partners, the major countries are USA, UK, Germany, Japan, Russia. These countries comprise 60% of India's foreign trade.
- Other countries including UAE, Netherlands, Belgium, Singapore, Italy and France are among the various importers trading partners.



## ► India's Trading Partners-

1. **Africa-** The Division deals with Sub-Saharan African Region (Eastern, Western, Central and Southern) comprising 48 countries.
2. **NAFTA-** Division of the Department of Commerce deals with India's bilateral trade with United States of America, Canada and Mexico. All the three countries are signatories to the North America Free Trade Agreement (NAFTA) (signed in 1994) and form one of the largest and the most important trading blocks of the world.
3. **Latin America-** Division of the Department of Commerce deals with general trade and allied matters with Latin American and Caribbean region which comprises of 43 countries.
4. **Europe-** The Division deals with India's trade and economic cooperation with 38 Countries of Europe region.



5. **Commonwealth of Independent States (CIS)**- All matters relating to India's trade and economic cooperation with the CIS countries which consist 12 countries. (Russia, Ukraine, Uzbekistan, Kazakhstan, Georgia and Belarus etc.)

6. **West Asia and North Africa (WANA)**- WANA Division deals with all the matters relating to India's trade with WANA region comprising 19 countries. (Bahrain, Kuwait, Oman, Qatar, Iraq, UAE, Saudi Arabia, Egypt, Sudan, Jordan, Israel, South Sudan etc.)

7. **ASEAN**- consist 12 countries. (Myanmar, Philippines, Singapore etc.)

8. **North East Asia**- consists 8 countries (China, Hong Kong, Taiwan, Japan etc.)

9. **South Asia**- India's trade with Bangladesh, Nepal and Bhutan, Afghanistan, Maldives, Pakistan, Sri Lanka and Iran.