

Impact of Covid-19 Pandemic on India's Exports and Imports

(With reference to selected Principal Commodities of Agricultural and Manufacture Sectors)

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Abstract:

Actually from the years of evolution till the very recent covid-19 pandemic, trade has evolved and changed theme scenario of various things in the entire globe. From monopoly to perfect competition, from domestic to global trading and again back to the local trading due to covid-19 pandemic situations changed. The cultural, political, monetary, social development have been possible due to trade in the world and if at all trade is stopped it may hinder the economic growth and smooth relations. Recently India introduced its new foreign trade policy for 2021-2026 intending to become an economy of USD 5 trillion along with making India a superior in the area of International trade. Covid - 19 pandemic led trade disruption worldwide, but the agricultural and food sector proved to be more resilient than other sectors of the economy. Whereas the scale of disruption has significantly affected business and manufacturing is no exception and it has had implication on production, demand supply chain.

In this context, an attempt has been made in this paper to enlighten the overall India's exports and imports from 2016-2021 and also focus on the imports and exports of principle agricultural commodities as well as manufacturing commodities. The study also tries to undertake the immediate and potential impact of pandemic on exports and imports of India.

Keywords: - Trade, Pandemic, Exports, Imports, Balance deficit.

Introduction:

India was greatly affected by the coronavirus (COVID-19) pandemic in various sectors. To control the deadly situation India announced its nationwide lockdown in March 2020, which led to the economic slowdown. India's exports shrank by a record 60.28 percent in April to 10.36 billion USD mainly on account of lockdown and even imports plunged by 58.65 percent to 17.12 billion USD In

April, leaving trade deficit of 6.76 billion USD as against 15.33 billion USD in April 2019. Country's exports had declined by 34.57 percent in March 2020, and this decline in exports was mainly due to the global slowdown.

Although pandemic has affected various sectors of the Indian economy. In this context, the present study aims to focus the impact of COVID-19 pandemic on India's exports and imports. Particularly, the agriculture and manufacturing sectors with reference to the selected principle commodities. The study also tries to undertake the immediate and potential impact of pandemic on India's exports and imports by analyzing principal commodities from agriculture sector and industrial sector.

Objectives of the study:

- ❖ To know the impact of Covid-19 pandemic:-
- To examine India's overall Exports and Imports from 2016-2021.
- To analyse selected Principal commodities of agricultural product's exports and Imports in India from 2016 to 2021.
- To examine selected Principal commodities of Manufacturing product's exports and Imports in India since 2016 to 2021.

Methodology/Source of data:

The entire study is totally based on Secondary data which has been collected from various sources like Handbook of Statistics, Reserve Bank of India – 2021, National and International Journals, articles etc., since the post Covid-19 pandemic to know its impact on International trade from the year 2016 to 2021.

Indian economy has contributed by the utmost important sectors which are Agriculture, Industrial and Service sectors. These sectors play a very crucial role not only in India but across the globe. But, Covid-19 pandemic has affected the entire global economy especially these three sectors of the Indian economy in an unprecedented way. The impact of Covid-19 pandemic on these sectors is very high which led to imbalances in Balance of Payments in India. The present study aims to understand the immediate and potential impact of Covid-19 pandemic on India's Exports and Imports by analyzing sector-wise and commodity-wise.

Therefore, this paper addresses India's exports and imports Trade by taking two important sectors namely Agriculture and Manufacture sectors with the reference to principal commodities of both the sectors since last few years. The principal commodities of agricultural export products have taken like Tea, coffee, rice, tobacco, cashew, spices, oil meal, fruits and vegetables etc., whereas import products like petroleum, crude oil, edible oil, pulses, fertilizers, paper and non-ferrous metals etc. The principal commodities of Manufactured export products like chemicals, pharmaceuticals, electronic goods etc., whereas import products like machine tools, project goods, transport equipment, gold and silver etc.

TABLE-1
TOTAL EXPORTS AND IMPORTS OF INDIA’S TRADE AND TRADE BALANCE
SINCE 2016-2021(US \$ MILLION)

Year	Total Exports	Total imports	Trade Balance
2016-17	275.8524	384.357	-108.5046
2017-18	303.3762	465.5783	-162.2021
2018-19	330.0781	514.0784	-184.0003
2019-20	313.3610	474.7093	-161.3482
2020-21	291.1635	393.6106	-102.4410

Source: Handbook of Indian Economy, RBI-2021.

Explanation: -

The above table shows the trade balance which is the difference between the total exports and imports of the country from the period 2016 to 2021. In which, the total exports have shown a drastic decline and also a slight decline in imports compared to previous years. Due to Covid-19 pandemic the total exports have fallen from U\$330.07 in 2018-19 to U\$291.16 in 2020-21, whereas imports from U\$514.0784 in 2018-19 to U\$393.6106 in 2020-21. The trade balance shows the negative balance at U\$-102.4410 though it has decreasing level when compared to previous year but the impact of covid-19 pandemic severely affected the whole nation. However, the maximum exports and minimum imports results the favorable balance of trade for a country like India.

TABLE-2
PRINCIPAL COMMODITIES OF AGRICULTURAL PRODUCT’S EXPORTS IN
INDIA
(US \$ BILLIONS)

Year/Commodity	1. Tea	2. Coffee	3. Rice	4 Tobacco	5. Cashew incl. CNSL	6. Spices	7. Oil Meal	8. Fruits and Vegetables	9. Processed Fruits, Juices, misc. Processed Items	10. Marine Products
2016-17	731.3	842.8	5733.8	934.2	786.9	2851.9	805.4	2454.7	1270.8	5903.1
2017-18	837.3	968.6	7733.9	982.0	922.4	3105.9	1089.9	2450.0	1416.8	7387.7
2018-19	830.9	822.3	7750.6	981.3	654.4	3322.4	1508.6	2540.9	4254.7	6802.6
2019-20	826.5	738.9	6403.2	905.1	566.8	3621.4	827.9	2380.5	3948.4	6722.1

2020-21	756.2	719.7	8818.6	876.6	420.4	3984.8	1575.6	2608.3	3781.0	5962.4
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Source: Handbook of Indian Economy, RBI-2021.

Explanation: -

The table depicts the impact of covid-19 pandemic on selected principal commodities of agricultural product’s exports in India since 2016-2021. According to the data, the export of commodity tea has been declined from US\$ 830.9 billion in 2018-19 to US\$ 756.2 billion in 2020-21. In this period, the first position was occupied by Rice, which has increased from US\$ 6403.2 billion in 2018-19 to US\$ 8818.6 billion in 2020-21. The second position was occupied by two important agricultural products namely Spices. The Export of spices has increased from US\$ 3322.4 billion in 2018-19 to US\$ 3984.8 billion in 2020-21. The major exports of agricultural products like tea and coffee have been declined in this pre and post Covid-19 pandemic period.

TABLE-3
PRINCIPAL COMMODITIES OF MANUFACTURED PRODUCT’S EXPORTS IN INDIA
(US\$ BILLION)

Year/Commodity	1. Leather and manufactures	2. Basic Chemicals, Pharmaceuticals & Cosmetics	3. Engineering goods	4. Electronics Goods	5. Manmade Yarn, Fabrics, Madeups etc.	6. Ready made Garments	7. Jute & Jute Manufactures	8. Carpets	9. Gems and jewelry	10. Handicrafts (excluding handmade carpets)
2016-17	5165.6	29121.1	67216.1	5962.9	4557.1	17368.2	309.9	149.0.2	4341.2.8	1926.7
2017-18	5288.9	33220.6	78706.3	6393.9	4826.4	16706.7	335.1	142.9.8	4154.4.4	1822.5
2018-19	5140.8	38369.3	83621.6	8829.4	4980.5	16138.3	324.9	148.1.9	4025.1.0	1838.1
2019-20	4658.5	39436.1	78704.4	11700.6	4821.4	15488.1	342.6	137.3.3	3589.8.5	1797.9
2020-21	3301.3	42951.5	76732.5	11091.2	3805.2	12271.6	371.3	149.1.4	2601.9.8	1707.2

Source: Handbook of Indian Economy, RBI-2021.

Explanation:-

The above table shows the impact of covid-19 pandemic on selected principal commodities of manufacturing product’s exports in India since 2016-2021. The data explains that the export of Leather and manufacture commodity has been affected due to covid-19 pandemic which fallen from US\$ 5140.8 billion in 2018-19 to US\$ 3301.3 billion in 2020-21. In this period, next most affected commodity is

Gems and Jewelry like silver followed by other exports, which has decreased from U\$ 40251.0 billion in 2018-19 to U\$ 26019.8 billion in 2020-21.

Table-4

PRINCIPAL COMMODITIES OF AGRICULTURAL IMPORTS IN INDIA (US \$ BILLION)

Year/ Commodity	Petroleum, crude and products	Edible oils	Pulses	Fertilizers, crude &	Sulphur and unroasted iron pyrites	Non-ferrous metals	Pulp and waste paper	Metallic ferrous ores, metal scrap, etc.	Iron and steel	Paper, paper boards, manufactures
2016-17	86963.8	1089 2.7	424 4.1	5024.0	131.2	9868. 8	975. 1	6194.2	1168 3.0	849.9
2017-18	108658. 6	1163 7.5	290 8.3	5376.3	165.9	1281 1.7	115 4.6	9092.7	1461 7.5	776.7
2018-19	140920. 6	9890. 3	114 0.8	1140.8	1440.1	1473 3.0	131 1.7	8611.7	1765 6.7	977.7
2019-20	130550. 3	9672. 9	144 0.1	1140.8	1164.3	1313 8.7	114 3.0	7023.8	1536 9.4	700.6
2020-21	82683.9	1108 8.1	161 1.7	1140.8	1102.8	1171 6.6	851. 1	6925.3	1205 1.0	294.1

Source: Handbook of Indian Economy, RBI-2021.

Explanation:-

The selected principal commodities of Agricultural imports in India, namely Petroleum, Crude and products, Edible oils, Pulses, Fertilizers, Sulphur and Unroasted iron pyrites, Non-ferrous metals, Pulp waste papers, Metallic ferrous Ores, metal scrap etc., Iron & steel, paper, paper boards and manufacturer commodities. The above table shows the impact of covid-19 on selected principal commodities of agricultural product's imports in India since 2016-2021. According to the data, the consumption of petroleum is greatly affected where the import of Petroleum and crude commodity has been affected due to covid-19 pandemic which fallen from U\$ 140920.6 billion in 2018-19 to U\$ 82683.9 billion in 2020-21. In this period, next most affected commodity is pulp and paper products followed by other imports, which has declined from U\$ 977.7 billion in 2018-19 to U\$ 294.1 billion in 2020-21.

TABLE-5
PRINCIPAL COMMODITIES OF MANUFACTURED IMPORTS IN INDIA (US \$ BILLION)

Commodity	1.Machine tools	2.Transport equipment	3.Electronic goods	4.Project goods	5.Gold	6.Silver	7.Textile yarn, fabrics, made-ups, etc.	8.Organic and inorganic chemical	9.Medicinal and pharmaceutical products	10.Chemical materials and products
2016-17	3034.6	22687.7	41930.4	2074.4	27518.0	1839.2	1502.5	16598.4	4995.0	5375.1
2017-18	3519.6	22732.9	51541.0	2077.6	33657.2	3213.8	1837.4	20631.5	5480.7	6663.4
2018-19	4642.5	24775.8	55471.0	2375.6	32910.1	3748.2	1900.0	23827.7	6359.5	7707.6
2019-20	4193.1	25284.7	52522.5	2025.5	28229.7	2727.8	1922.3	20617.1	6459.9	7643.2
2020-21	3169.6	17874.2	52580.8	1498.9	34603.9	790.4	1501.5	19825.2	6973.6	8441.2

Source: Handbook of Indian Economy, RBI-2021.

Explanation:

The above table shows the impact of covid-19 on selected principal commodities of manufacturing product’s imports in India since 2016-2021. The selected principal commodities of manufacturer imports are machine tools, transport equipment, electronic goods, project goods, gold, silver, textile, yarn, fabric, made-up etc., organic and inorganic chemicals, medicinal, pharmaceutical products and chemical materials and products respectively. As per the data, the import of silver commodity has been affected due to covid-19 pandemic which fallen from US\$ 3748.2 billion in 2018-19 to US\$ 790.4 billion in 2020-21. In this period, next most affected commodity is transport equipment followed by machine tools, and other imports, which has declined from US\$ 24775.8 billion in 2018-19 to US\$ 17874.2 billion in 2020-21.

Conclusion and Suggestions:-

Ultimately it is observed from the entire data that, due to Covid-19 pandemic, the overall growth of each principal commodity of Agricultural and Manufacture sectors have slowdown. Petroleum products (consumption) were most affected commodities in terms of exports in India, with a decline of about 32 percent in Jan-2021 compared to the same month in the previous year. Other cereals and oil meals witnessed a highly positive rate of change. While coming to imports, with in April-2021, imported commodities specifically silver, pulses and news prints faced more than 27 percent decline compared to previous year.

Therefore, efforts should be made to change the composition of India's exports by making it more dependent on manufacturing sector which was the most affected sector due to Covid-19 pandemic. There is an urgent need to raise per capita output in export sector in order to raise productivity along with measures to reduce cost of production. This will make exports more competitive in international market. India is required to make its commodities more competitive at the World level. There is also required to add new export basket for increasing export performance. For this, India needs a comprehensive policy measure and integrated efforts.

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