

An Analysis of Recent Trends in India's Foreign Trade: Estimating the Export and Import of Top Commodities and Their Impact On GDP

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Abstract—India's foreign trade has been a significant driver of economic growth, with steady progress in both exports and imports. Trade reforms post-independence and a focus on exports and imports have supported this growth. The COVID-19 pandemic temporarily disrupted trade, but efforts to revive exports have been evident in the post-pandemic period. In 2023-2024, India's exports reached USD 778 billion and imports totalled USD 732.5 billion, ranking India as the 14th largest global exporter. The study analyses trade trends from 2014-2024, noting declines during demonetization and the pandemic, with a dip in 2023-2024 due to inflation, geopolitical tensions, and policy uncertainty. Despite these challenges, GDP growth remained resilient, stabilizing at 7.53%. Key exports include petroleum products, electronic goods, gems and jewellery, engineering goods, and pharmaceuticals, while major imports consist of petroleum, machinery, and gold. The study highlights the role of these sectors in shaping India's economic performance and trade dynamics.

Index Terms—Foreign trade, Exports and Imports, GDP, Inflation and Economic performance

I. INTRODUCTION

India is rapidly growing across various sectors, particularly in foreign trade. The country is exporting and importing more goods from a various country. India exports nearly 7,500 different goods from across 190 nations, while it imports around 6,000 items from about 140 countries. ¹ In 2019-2020 India faced more obstacle in foreign trade since it is a covid period. India is more densely populated country so it faced a more

population casualties but limited access in health care service. India only focusing to reviving domestic issues. But, after covid 19 India fosters by focusing to improve export and import. During the peak of the crisis, India prioritized managing the domestic situation, focusing on health and safety measures, lockdowns, and economic relief programs. As a result, foreign trade slowed, and India faced challenges in maintaining its export and import activities.

Origin of Foreign trade, Import and Export in India
After independence, India has set the new rules and regulation. With the advent of restructuring, it favoured the opportunities for foreign countries to grab the merits of reduction in tariff and trade complexities. It paved the way for enormous exposure to foreign trade. India focused on improving agriculture. However, foreign trade, including exports and imports (EXIM), and exchange currencies were drastically low, although the import of agricultural products was relatively stable. After 1991, India also laid its focus to both exports and imports, while attracting foreign investors to invest in India. However, following the balance of payments crisis in 1991, India was forced to undertake sweeping economic reforms. The government introduced measures to liberalize the economy, reduce trade barriers, and attract foreign investment. Tariffs were lowered, import quotas were eased, and the exchange rate system was reformed, allowing the rupee to be more market-driven. The reforms aimed to integrate India into the global economy, enhance competition, and increase exports.²

1. Dutta, M. K. and Sarma, Gopal Kumar, Foreign Direct Investment in India Since 1991: Trends, Challenges and Prospects (1 January 2008).

² Hans V. Bazil (2022) "Historical context of India's Foreign trade". <http://ssrn.com/abstract=4629726>

Overview of Export and Import

India's export sector plays a vital role in driving economic growth, benefiting not just sellers but also contributing significantly to the country's overall development. India exports a wide range of products to numerous countries, reinforcing its position as one of the world's major exporters. This growth in exports highlights India's expanding presence in international markets.³

The country also imports a substantial number of raw materials to support its industrial needs. Government initiatives, such as the Production-Linked Incentive (PLI) scheme, trade agreements, and infrastructure development, continue to drive export growth. With increasing demand for "Make in India" products, India is strengthening its global trade partnerships, which in turn supports economic stability and creates new employment opportunities.⁴

Objectives

- To study on the recent trends of export and import in India.
- To estimate the export and import of top five commodities in India
- To investigate the influence of exports and imports on the GDP of a country

II. REVIEW OF LITERATURE

A review of literature provides an overview of existing research on a specific topic, identifying key findings, gaps, and trends. It helps establish the context for the study, highlighting its significance and contribution. Gopalakrishnan and Mahalakshmi (2018)⁵ The relationship between foreign trade and economic growth is widely studied, with research indicating that trade liberalization boosts exports and imports, impacting economic performance. While exports drive growth through production and foreign exchange earnings, excessive imports can lead to trade deficits. The composition of trade is crucial, with manufactured

goods leading exports and petroleum products dominating imports. Studies suggest that economic openness enhances trade opportunities, but managing imbalances is key to sustainable growth. Overall, literature emphasizes the need for strategic trade policies that balance exports, imports, and economic stability.

Krishna Reddy (2020)⁶ A review of the literature highlights the intricate relationship between exports, imports, and economic growth in India over the period 1980–2019. Empirical findings consistently suggest the existence of a long-run equilibrium relationship among these variables. In the short run, studies have reported unidirectional causality running from economic growth to exports, exports to economic growth, exports to imports, and imports to economic growth. However, in the long run, the literature confirms a bidirectional causal relationship between economic growth and exports, as well as between exports and imports. Overall, the findings reinforce the notion that both exports and imports play a crucial role in driving India's economic growth.

Manoj Mishra (2021)⁷ A study relationship between the foreign trade is vital to India's economic growth, shaping its export and import trends. Studies highlight structural shifts under the new EXIM policy, with India's exports declining by 5.13% from 2018-19 to 2019-20. The USA, UAE, China, and other key partners accounted for over 40% of exports, while China dominated imports at 37.76%. Research indicates that global economic shifts, domestic policies, and geopolitical factors influence India's trade structure. The persistent trade deficit highlights import dependence, especially on China. Literature suggests enhancing export competitiveness, diversifying trade, and implementing policies to address trade imbalances.

Dinesh Kumar Manickam (2024)⁸ Research on India's trade and economic growth highlights the role of imports in technology transfer while challenging domestic industries. Exports have been key to

³ Suchi gupta,(2019-2020) "An Analysis of Indian Foreign Trade in Present Era", International Journal of Engineering and Management Research, vol:9, issue-2.

⁴ Paul and Arun kumar(2020), "Import Intensity of India's Manufactured Exports- An Industry Level Analysis", Working paper

⁵ Gopalakrishnan and Mahalakshmi (2018), "A Study on Impact of Foreign Trade in India in The Post Liberalisation Era, shanlax International Journal of Economics, Vol:6 issue:3

⁶ Krishna Reddy (2020), "Exports, imports and economic growth in India: An empirical analysis", Volume XXVII, No. 4(625), Winter, pp. 323-330

⁷ Manoj mishra(2021), India's Foreign Trade – An Overview , International Journal of Engineering and Management Research , Volume-11, Issue-3, pp 2394-6962

⁸ Dinesh Kumar Manickam (2024), A study on growth with impact of imports and exports in India, International Journal on Global Business Management and Research Volume 12, Issue 2,

expanding market access and enhancing global competitiveness. Studies from 2012-13 to 2021-22, including the COVID-19 period (2019-20 and 2020-21), indicate a slowdown in merchandise trade but resilience in services trade. Statistical analysis, including t-tests and regression models, has explored trade patterns, sectoral contributions, and policy effectiveness. Government initiatives like export incentives, production-linked schemes, and trade agreements have played a vital role in stabilizing foreign trade, fostering industrial growth, and strengthening India's position in global markets.

Harikumar (2024)⁹ This paper indicates the foreign trade is a key driver of economic growth, reflecting a nation's industrial and economic structure. India's trade dynamics have evolved due to globalization, policy reforms, and market conditions. Government policies, especially post-1991 liberalization, have promoted exports, managed imports, and attracted foreign investments. Technological advancements and digital trade facilitation have improved efficiency, while regional and bilateral trade agreements have expanded opportunities. However, challenges like trade imbalances, currency fluctuations, and global uncertainties persist. Studies emphasize that sustained policy reforms, infrastructure development, and international collaborations are crucial for strengthening India's global trade position.

Statement of the Problem

India's foreign trade plays a crucial role in shaping its economic growth and overall GDP performance. The country's trade dynamics are influenced by a combination of domestic production capabilities, global demand, trade policies, and international market conditions. While efforts have been made to enhance export competitiveness and reduce import dependence, various challenges such as trade imbalances, external economic fluctuations, and policy constraints continue to impact the economy. This study aims to analyse the key components of India's exports and imports, exploring their contribution to GDP growth and economic stability. The study seeks to strengthening India's position in the global market.

III. METHODOLOGY

The methodology analyses the trends in exports and imports in India, with a focus on their influence on the country's GDP. Both qualitative and quantitative research methods are employed to provide a comprehensive analysis of India's trade patterns and their economic impact.

Secondary data for the study is sourced from the Ministry of Commerce, Ministry of Statistics, Economic survey and other relevant agencies. The analysis of export and import trends is based on the annual growth rate (AGR) and compound annual growth rate (CAGR) to assess the changes in trade volumes over time. To further investigate the relationship between trade dynamics and GDP, multiple linear regression models are used. These models allow for the identification of significant variables that influence GDP, while controlling for other factors that may also affect economic growth.

Formula

$$\text{ANNUAL GROWTH RATE} = \frac{Y_t - Y_0}{Y_0} \times 100$$

Y_t = Current Year Value

Y_0 = Base Year Value

Here,

- Current Year is the value of the variable being analysed.
- Base Year is the value of the variable at the preceding the value of the period being analysed.

$$\text{COMPOUND ANNUAL GROWTH RATE} = \left[\frac{Y_t^{1/n}}{Y_0} - 1 \right] \times 100$$

Y_t = Current Year Value

Y_0 = Base Year Value

n = Number of years

- End Year Value is the value of the variable at the end of the period being analysed.
- Beginning Year Value is the value of the variable at the beginning of the period being analysed.
- 't' is the number of years between the beginning and ending periods.

Regression

$$y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \dots + u$$

⁹ Harikumar (2024), "A Study On India's Foreign Trade: An Analysis", REDVET - Revista electrónica de Veterinaria - ISSN 1695-7504 Vol 25, No. 1

y = Gross domestic product

α = Constant

β =Coefficients

x_1 =Total Exports In India

x_2 =Total Imports in India

IV. ANALYSIS AND INTERPRETATION

Table 1: India's import and export In USD Year	Import	AGR	Export	AGR
2014- 2015	448,03 3.41		310,338. 48	
2015- 2016	381,00 7.76	- 17.59 17	262,291. 09	- 18.318 3
2016- 2017	384,35 7.03	0.871 396	275,852. 43	4.9161 58
2017- 2018	465,58 0.99	17.44 572	303,526. 16	9.1174 12
2018- 2019	514,07 8.42	9.433 858	330,078. 09	8.0441 36
2019- 2020	474,70 9.28	- 8.293 32	313,361. 04	- 5.3347 6
2020- 2021	394,43 5.88	- 20.35 14	291,808. 48	- 7.3858 6
2021- 2022	613,05 2.05	35.66 03	422,004. 40	30.851 79
2022- 2023	715,96 8.90	14.37 449	451,070. 00	6.4437 01
2023- 2024	678,21 4.77	- 5.566 69	437,072. 03	- 3.2026 7
CAGR	2.44		2.23	

Source: Ministry of commerce and Industry

Interpretation

The table indicates the 2014 to 2024 grew both import and export. In the year 2015-2016 the declining growth rate is due to demonetization followed by the covid pandemic affected during 2020-2021 negative growth -20.35 per cent for

imports while -7.38 per cent for exports. Slightly dipped growth in 2023-2024 because of Inflation, geo-political tensions and uncertain trade policies.

Table 2: Total Gross domestic product in India in USD

Year	GDP (in USD)	AGR
2014-2015	121585	-
2015-2016	131307	7.40
2016-2017	142148	7.62
2017-2018	151808	6.36
2018-2019	161605	6.06
2019-2020	167861	3.72
2020-2021	158073	-6.19
2021-2022	173487	8.88
2022-2023	185610	6.53
2023-2024	200742	7.53
CAGR	0.06	

Source: Ministry of Statistics and programme Implementation

Interpretation

The table shows the trends of GDP growth from 7.40 per cent in the year 2015-2016 and fluctuated around 6 per cent and settled in the year 2023-2024 with 7.53 per cent growth despite external distortions.

Table 3: The export of top five commodities in India in USD

Commodities	Values
Petroleum Products	87,602.27
Electronic goods	34,411.12
Gems and Jewellery	32,852.91
Engineering goods	30,054.59
Pharmaceuticals	22,104.96

Source: Ministry of commerce and Industry

In this table indicates the top five export commodities in India as of 2023-2024. In India highly exports petroleum products, electronic goods, Gems and jewellery, Engineering goods and Pharmaceuticals.

Table: 4 The Import of top five commodities in India in USD

Commodities	Values
Petroleum, crude & Products	219,053.64
Electrical and Electronic Equipment	79,300.65
Pearls, Precious Stones, Metals, and Coins	78,473.55
Machinery, Nuclear Reactors, Boilers	57,408.88
Gold	45,542.07

Source: Ministry of commerce and Industry

In this table indicates the top five import commodities in India as of 2023-2024. In India highly imports Petroleum, crude & Products, Electrical and Electronic Equipment, Pearls, Precious Stones, Metals, and Coins, Machinery, Nuclear Reactors, Boilers and Gold.

Multiple Linear regression Analysis

Model Fit

R	R ²	Adjusted R Square	Std. Error of the Estimate
.835 ^a	.698	.612	15047.56375

Interpretation

This model fit indicates a strong positive correlation between GDP and the independent variables (Imports and Exports). R² 0.698(69.8%) of GDP is influenced by Imports and exports. So, Imports and Exports together strongly influence by GDP.

Coefficients

Constant	Dependent Variable	Independent Variable	Standardized Coefficients	T-value	Sig(P-Value)
71862.324	Gross Domestic Product in India	Total Exports in India	.630	.519	.620
		Total Imports in India	.208	.172	.869

Interpretation

The GDP constant value is 71,862.324. Both imports and exports have p-values greater than 0.05, with the import p-value being 0.620 and the export p-value being 0.869. This indicates that neither imports nor exports significantly affect GDP, and therefore, GDP is not individually influenced by imports or exports.

V. MAJOR SUMMARY AND FINDINGS

The analysed of growth, top five imports and exports in India during the period 2014-2015 to 2023-2024, the major finding are to be stated in this chapter.

Findings

1. From Table 1 2014 to 2024, both imports and exports showed overall growth, although some fluctuations occurred due to external factors.
2. In 2020-2021, the COVID-19 pandemic severely impacted trade, causing a -20.35% decline in imports and a -7.38% decline in exports.
3. India's GDP growth started at 7.40% in 2015-2016, fluctuated around 6%, and reached 7.53% in 2023-2024, showing resilience despite external challenges.
4. From Table 2 The top export commodities in India for 2023-2024 include petroleum products, electronic goods, gems and jewelry, engineering goods, and pharmaceuticals.
5. From Table 3 The top import commodities include petroleum crude and products, electrical and electronic equipment, pearls and precious stones, machinery, nuclear reactors and boilers, and gold.
6. The model indicates a strong positive correlation between GDP and trade (imports and exports), with an R-squared value of 0.698 (69.8%), meaning that 69.8% of GDP is influenced by trade.
7. Despite the strong correlation, the p-values for imports (0.620) and exports (0.869) suggest that neither imports nor exports significantly affect GDP on their own.
8. While imports and exports are correlated with GDP, their individual influence on GDP growth is not statistically significant, implying other factors contribute to GDP growth.

VI. CONCLUSION

In this study examined recent trends in India's exports and imports, focusing on the top five commodities in each category. It found that both imports and exports grew from 2014 to 2024, with external factors like demonetization, the COVID-19 pandemic, and geopolitical tensions impacting trade. The analysis showed a strong correlation between trade and GDP, with imports and exports explaining 69.8% of GDP fluctuations. However, the statistical results indicated that neither imports nor exports significantly impact GDP growth on their own. Thus, while trade is important, other factors also contribute to India's GDP growth.

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