

Import and Export of India with Special Reference to Pharmaceutical Products and Organic and Inorganic Chemicals

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Abstract

International trade acts as a carrier for capital flow internationally. It plays major role in economic growth of country. It helps in developing strong relations between countries. It also helps to face emerging challenges and competition in global market and to explore new products for export and new market for available products. Standard of living of producers and consumers rises. Trade of pharmaceuticals shows increasing trend i.e. trade surplus, trade of organic and inorganic and overall Indian international trade show negative trend i.e. trade deficit.

To overcome this deficit, government should introduce export promotional schemes, keeping check on prices, maintain standard quality of goods, shield domestic trade, market and products from competition and challenges, avoid situational unemployment and motivate people to purchase domestic products.

Keywords: Import, Export, International Trade, Trend, Trade Balance.

Introduction

Trade between two or more countries in the form of capitals, goods and services interchange through international territories is known as international trade and also known as foreign trade. Traces of existence of international trade throughout the past are found. In couple of recent centuries, importance of international trade will rise in political, social and economical fields. It helps in developing strong friendly and mutual relationship between countries.

Outstanding contribution of international trade in GDP helps in economic growth of the country. Trade process at domestic level is less complicated than trade at international level and also domestic trade is cheaper than international trade due to application of various duties, charges, other expenses, legal system, laws etc. International Economic Organizations came into existence to shield trading from hurdles which affect them negatively.

International trade is very essential for economic growth of any country, it is considered as a carrier for capital movement internationally. International trade gives chance to shoppers and countries to get familiar with new products as nearly all kinds of products are found in international market. Import and export both are necessary for any country

because import bought products to the country which are not available in the country, and also in demand but less in production i.e. to fulfill the supply of demand. Through import, raw materials are bought later processed in products for export. Export those commodities which are excess in country, produce those commodities which are cheaper in cost than other countries. Due to international trade, competition arises which helps in keeping check on the schemes. It also motivates to face competition and problems to overcome them successfully.

It also changes the standard of living of people of both producers and consumers. In India, major population belongs to middle and lower middle class, their income is not sufficient for purchasing costly and luxurious items. People may find cheaper products in imported commodities which may not be able to afford the cost in domestic market. Producers find it easy to remain in the competition to maintain quality at reasonable prices, also they find it to import cheaper raw materials and convert it into finished goods at price in demand.. Many customers are capable of buying products but due to less or no availability of certain products, they go for foreign products for which import is necessary.

International Trade of India

Import and export of India from foreign countries is known as international trade of India. Semi-autonomous diplomatic relationship is maintained by GOI before independence. After 1991 liberalization due to international trade Indian economy has been improved.

There are various factors affecting international trade which indirectly influence other sectors also such as trade policies of countries, political units, currencies, legal system, language, culture, various duties, charges and other expenses.

In year 2015, GoI has introduced a policy named Foreign Trade policy 2015-20. Aim of FTP 2015-20 is to double the export at the end of 31 March 2020 by controlling decreasing trend of export. To gain this goal, Govt. has to face emerging challenges keeping in mind the external environment and changes occurring in global market. Policy also aims at employment generation and GDP growth of the country.

We have taken pharmaceuticals and organic and inorganic chemicals to understand the trend of international trade of India.

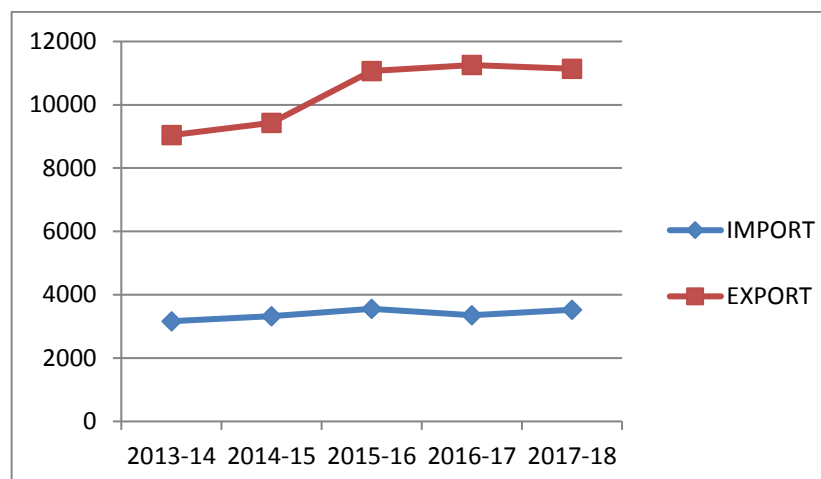
Pharmaceuticals: In terms of volume and value, Indian Pharmaceutical industry stands 3rd and 14th in position respectively. The major pharmaceutical hubs of India are located in Hyderabad, Ahmedabad, Mumbai and Bangalore. The position that it holds today is because of Patent Act in

1970 implemented by Government that encourages the companies to increase production and later in 90s economic liberalization took place. Table 1 shows the trend of pharmaceuticals trade and table 2 shows the country wise export.

Table 1
Import and export of pharmaceuticals
(Rs. in Crore)

Years	Particulars		
	Import	Export	Trade Balance
2013-14	3166	9041	+5875
2014-15	3321	9435	+6114
2015-16	3557	11065	+7508
2016-17	3350	11255	+7905
2017-18	3530	11141	+7611
TOTAL	16924	51937	+35013

Source: RBI report on statistics on Indian economy



Graph 1: From 2013-14 to 2015-16 and in 2017-18 increase in import and decrease in import in 2016-17. From 2013-14 to 2016-17 export is increasing and in 2017-18 export decreases.

Table 2
Country-wise export of pharmaceuticals
(Rs. in Crore)

Countries	Years				
	2013-14	2014-15	2015-16	2016-17	2017-18
BRAZIL	1895	2300	2132	2263	2473
GERMANY	2437	2278	2276	2235	2510
HONG KONG	259	266	230	246	229
ITALY	777	607	805	829	990
NETHERLANDS	1414	1489	1594	1359	1506
CHINA	713	851	942	975	1293
RUSSIA	3302	2597	2445	2570	3022
U.A.E.	727	669	717	757	827
U.K.	3189	3321	3693	3687	3587
U.S.A.	23977	26347	36035	37307	32991
OTHERS	51727	56325	59778	60318	61978
TOTAL	90417	97050	109987	112546	111406

Source: RBI report on statistics on Indian economy

Table 1 shows gradual increase in export as compared to import which led to trade surplus which means trade is sound. During the study period the trade surplus shows increasing trend except 2017-18. Developed countries like U.S.A., U.K., Germany, Russia are accepting the pharmaceutical products of our country. To propagate more export, Govt. should keep check on prices, charges and other expenses on pharmaceutical products. According to time and need, new and useful medicine should be invented. There are various medicinal herbs used for making medicines of which some are at the verge of extinction that have to be preserved and cultivated for more production.

Organic and inorganic chemicals: Chemical industry of India stands on 6th and 3rd in world and in Asia respectively and stands on 10th position. In India organic and inorganic chemicals production decreases due to excess of import from other countries, cheaper imports and lack of resources. Developed countries like U.S.A., U.K., Russia, Germany

etc. covered major part in global market that provide massive export opportunities to Indian companies.

Table 3 shows import is more than export which results in trade deficit. Govt. should avoid excess of import and available chemicals in the country and should import chemicals which are cheap but good in quality. Govt. should invest on those chemicals that are more profitable for trade.

Methodology

- 1. **Data collection:** Secondary data collected.
 - 2. **Analysis method:** Trend analysis method/ calculation of BOP i.e. surplus or deficit.
- Formulae:** Total value of import – Total value of export

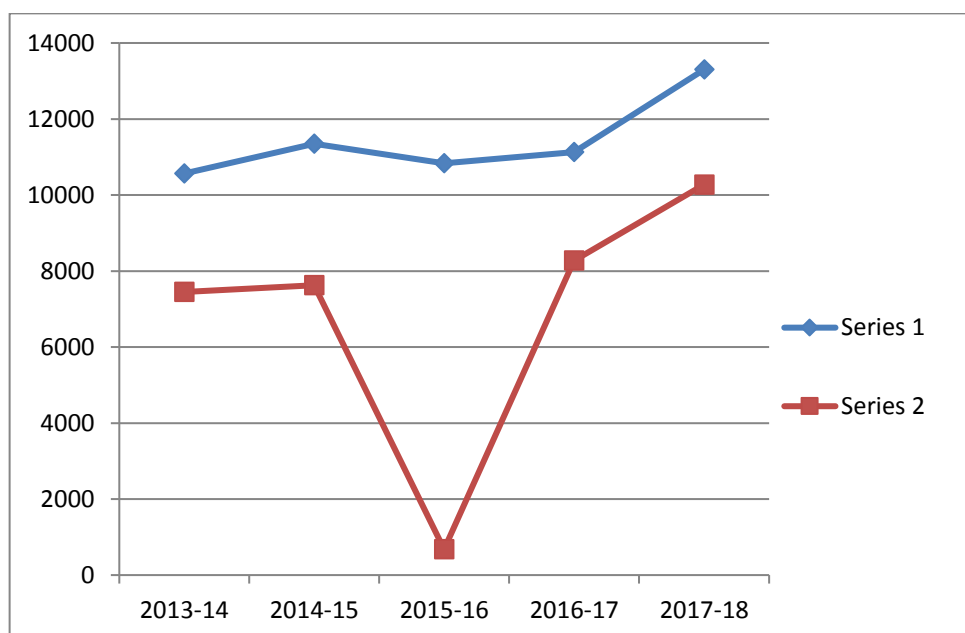
Results

Tables show trade deficit. In this study negative trade balance. is discovered i.e. trade deficit which means outflow of currency is more than the inflow in the country.

Table 3
Import and export of organic and inorganic chemicals
(Rs. in Crore)

Years	Particulars		
	Import	Export	Trade Balance
2013-14	10566	7448	-3118
2014-15	11349	7626	-3723
2015-16	10834	7680	-3154
2016-17	11130	8273	-2857
2017-18	13300	10274	-3026
TOTAL	57179	41301	- 15878

Source: RBI report on statistics on Indian economy



Graph 2: Import is increasing in years 2013-14, 2014-15, 2016-17 and 2017-18 but decrease in year 2015-16. Export is increasing from 2013-14 to 2017-18.

Table 4
Country-wise export of organic and inorganic chemicals
(Rs. in Crore)

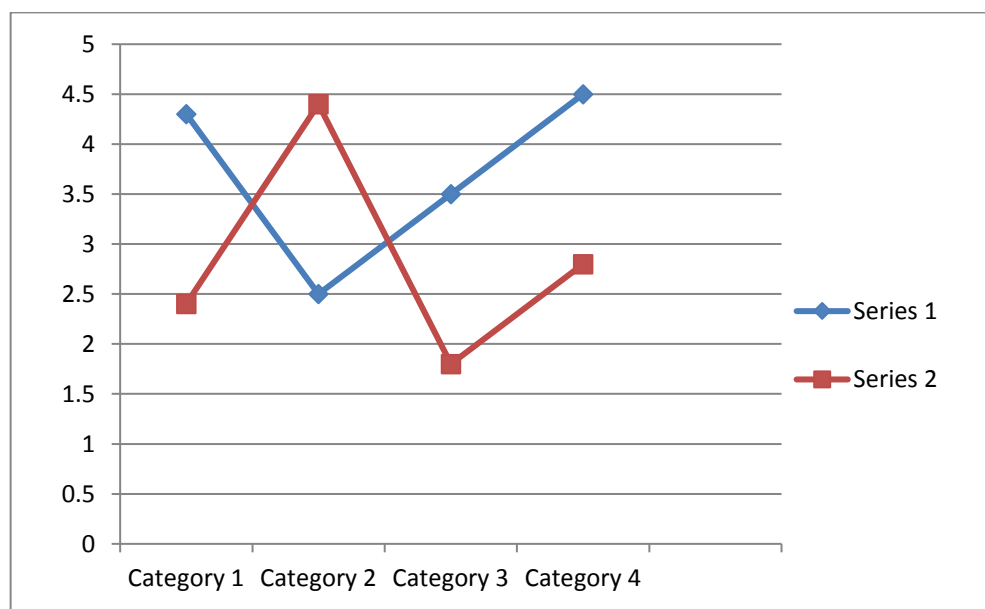
Countries	Years				
	2013-14	2014-15	2015-16	2016-17	2017-18
BRAZIL	1549	1731	1699	1819	2422
GERMANY	3758	3737	3696	3542	3915
HONG KONG	150	214	168	334	356
ITALY	1408	1708	1757	1825	1999
NEITHERLANDS	2325	2447	2471	2340	2768
CHINA	4628	5448	4527	5250	12525
RUSSIA	462	532	509	757	956
U.A.E.	3916	3314	3348	3528	4662
U.K.	1762	1830	1737	1677	1802
U.S.A.	9071	9736	9097	9522	11178
OTHERS	45448	45562	47791	52138	60153
TOTAL	74477	76259	76799	82731	102737

Source: RBI report on statistics on Indian economy

Table 5
Total import and total export of India
(Rs. in Crore)

Particulars	Years				
	2013-14	2014-15	2015-16	2016-17	2017-18
TOTAL EXPORT	1905011	1896445	1716384	1849434	1955541
TOTAL IMPORT	2715434	2737087	2490306	2577675	3001016
TRADE BAL.	-810423	-840642	-773922	-728241	-1045475

Source: RBI report on statistics on Indian economy



Graph 3: Import is increasing in year 2013-14, 2014-15. In year 2015-16 import is decreased then increase in next year 2016-17 but import is less than first two years of study period. In year 2017-18 maximum import took place.

Discussion

Excess of import of goods in India is affecting domestic trade market, products and their cost, employment, staff's salary and also giving competition to domestic goods, trade and market.

Conclusion

This analysis basically focuses on the study of import and export of pharmaceutical products and organic and inorganic chemicals. To overcome the problem of trade deficit, Govt. has to take necessary measures such as increasing export by

exploring market for products as well as new products for export, by maintaining standard quality of products, maintain balance of Payment, use available domestic resources for production of export goods. Govt. should introduce export promotional schemes to support export by promoting MSMEs for export etc. Also there should be decrease in import of goods which are available in the country and motivating people for purchasing domestic products.

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