



IMPACT OF COVID-19 ON INDIA'S FOREIGN TRADE

Abhishek Purohit¹, Unnati Lal² Aryan Aggarwal³ Ronit Kumar⁴

BBA Students, SVKM'S NMIMS (Deemed to be University), Bangalore

Article DOI: <https://doi.org/10.36713/epra11768>

DOI No: 10.36713/epra11768

ABSTRACT

In India's economy, foreign commerce is significant. The covid-19 epidemic has severely hurt international trade. India's exports as it is now already had a decline in the previous year, but slowly and surely, it is achieving solid growth on a global scale. As a result, an effort has been undertaken to research India's commerce during the COVID-19 period after noticing this trend. Additionally, data from earlier years have been used to compare the expansion and contraction of the industry. The patterns that India had previously experienced are included in this report. Multiple secondary data sources had linked to this study, which shows that COVID-19 had a significant negative influence on India's foreign commerce and caused it to contract frequently throughout that time.

KEYWORDS: *Import and Export, Foreign Trade, Indian Economy, Covid-19, Negative, Positive*

BACKGROUND AND INTRODUCTION

India's foreign trade has seen numerous modifications as a result of COVID-19. The sickness has a significant negative influence on India's exports. The rationale is straightforward: Covid had a significant negative impact on industries including manufacturing and service. Even the service industry was not as severely hampered by the pandemic as the manufacturing sector was. All the manufacturing facilities were closed, which had an effect on India's foreign trade and ultimately the entire economy.

What aspects of India's foreign commerce were most affected by the epidemic, for example, will be the focus of this investigation. What part does the government play in handling this situation? The pandemic epidemic affected India's regular economic activity and way of life. The travel and transportation restrictions put in place after a nationwide lockdown had a negative effect on the nation's economic expansion. The COVID-19 travel and mobility restrictions have had a direct impact on the trade in services, particularly those that depend on close proximity between the provider and the customer. Lockdown procedures and the worry that a virus would spread have a terrible impact on industries like transportation, travel, and tourism services, which essentially depend on human mobility.

The world was severely impacted by the Corona Virus (COVID-19) outbreak that started in December 2019. Globally, the endemic coronavirus (COVID-19) is spreading quickly. The virus that causes the lethal condition of COVID-19 is known as SARS-CoV-2. By the end of January 2020, it also arrived in India, where it had a big impact. As of the current date (29 July 2020), it has been determined that more than two million individuals have been infected with this virus, and more than 7.24,000 have died as a result of the illness. The majority of governments, including those in India, have already implemented a number of steps to slow the spread of COVID-19, including lockdowns, social exclusion, and the closing of malls, gyms, schools, universities, and places of worship, among other things. Every industry in India has been impacted by this lockdown, including the economy, retail sector, tourism industry, etc. This research uses a machine learning approach to investigate the impact that a 2020 epidemic like Covid-19 has on the Indian economy. To understand the effects of the Corona Virus on the Indian economy, statistical information from reputable and reliable information sources was gathered.

The COVID-19 report's greatest exposure to Indian industries is in the textile, apparel, and transportation industries, which together account for around 18% of India's overall exports. The top 3 exports from India, which account for more than 40% of its total exports—fuels, chemicals, and stone and glass—show moderate vulnerability. The lowest exposure risks are seen in industries less reliant on export markets, such as those producing vegetables, polymers and rubber, livestock, food goods, etc.



India is less vulnerable because of its limited reliance on intermediate imports from China. Furthermore, the low price of crude oil, India's largest import, will take any outside shock. The percentage of India's trade compared to its GDP is 43%, showing a modestly open economy in comparison to other BRICS countries. The economic impact is primarily caused by demand shocks rather than supply shocks from countries strongly affected by COVID-19 (Brazil, Russia, India, China and South, Africa). China has a sizable deficit in food trade whereas India has a surplus. Additionally, there aren't many COVID-19 cases in India. However, compared to the other members of the group, India may experience more pandemic-related human casualties because of its high population density and limited access to healthcare services, as seen by the low population of doctors. With fewer instances, a surplus in food commerce, and lower population density than other BRICS nations, South Africa appears to be in a stronger situation.

PROBLEM STATEMENT

Issue Statement

The key issue here is the impact that COVID-19 has on India's international trade. The significant effects it had on commerce, exports, imports, and other industries like manufacturing, services, and retailing.

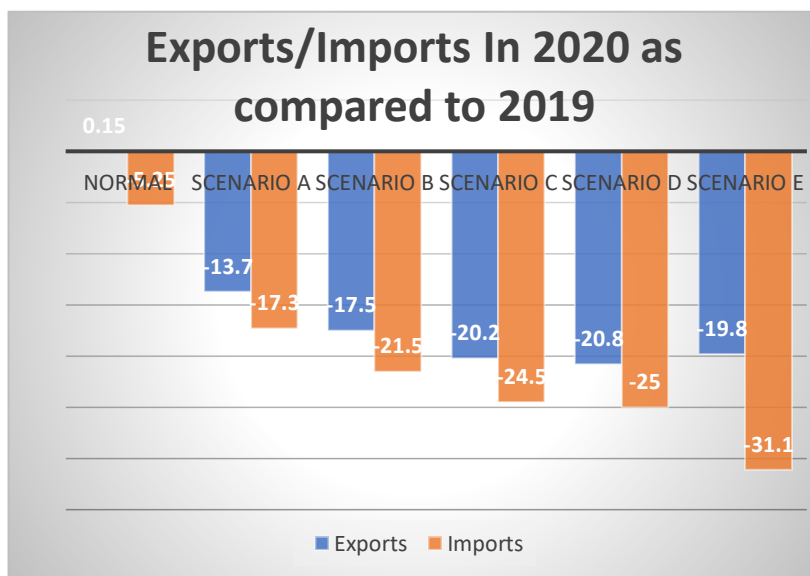
Effect of International Commerce on the Indian Economy

After COVID-19, there was a significant rise in Indian imports as a result of the prolonged lockdown that severely hurt the manufacturing sector and prevented India from accessing key resources. The economy was adversely impacted because money was leaving the nation and demand for items created in India was much lower than for other imported commodities.

However, other nations suffered significant losses and significant drops in their trade as well, and as a result, international commerce decreased significantly in FY2020 as compared to FY2019, as shown in the graph below.

Losses from exports and imports are displayed in three different ways:

- 1) A decrease in the ratio of imports to exports (2020 vs 2019)





2. Export and import losses



OBJECTIVES OF THE STUDY

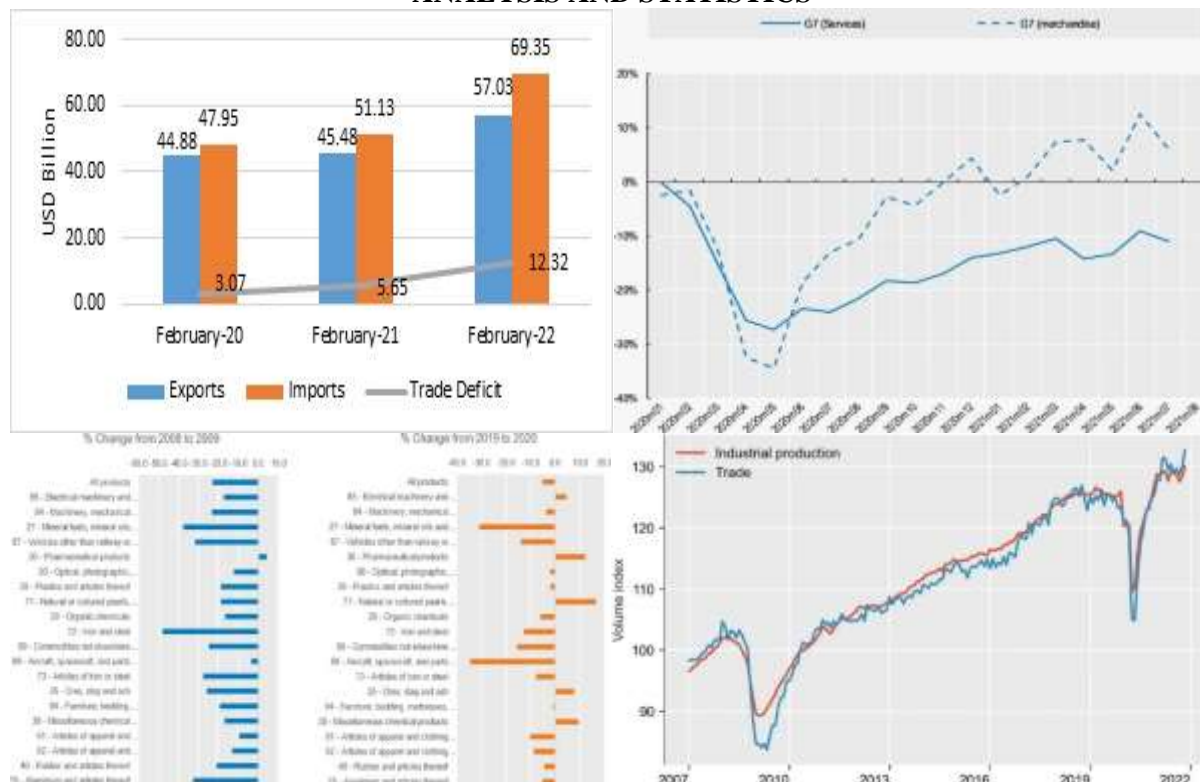
This study's main goal is to evaluate and pinpoint the effect COVID-19 had on India's foreign trade. Additionally, to contrast the data from Covid-19 with the data from prior years, and to analyze and summarize those results later.

METHODOLOGY OF THE STUDY

This study used a descriptive and analytical methodology. The information is gathered from secondary sources, including numerous news articles and websites.

The information relates to data from India's foreign trade over the previous two to three years and how COVID-19 affected it. Graphs and statistics have been used to examine the data and portray it.

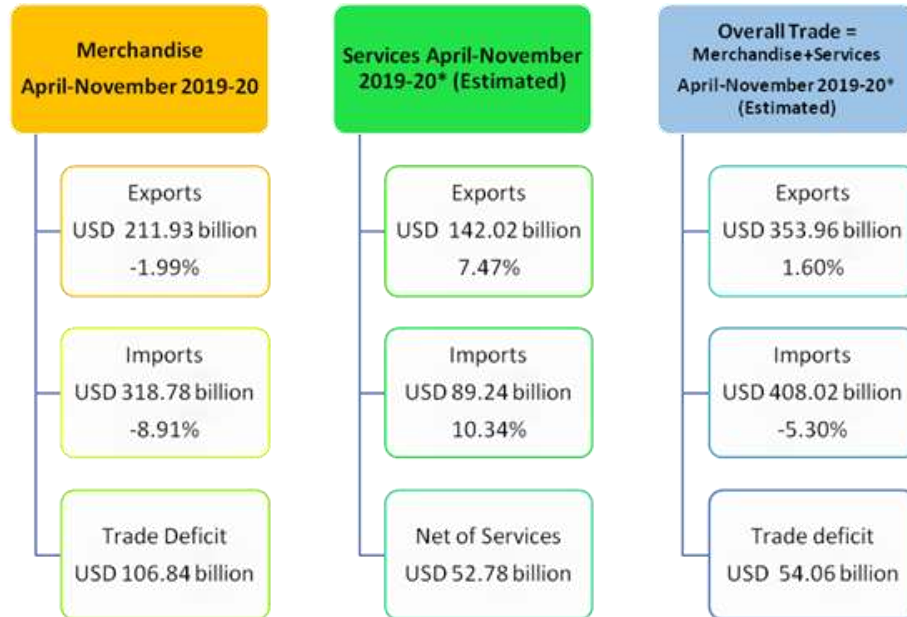
ANALYSIS AND STATISTICS





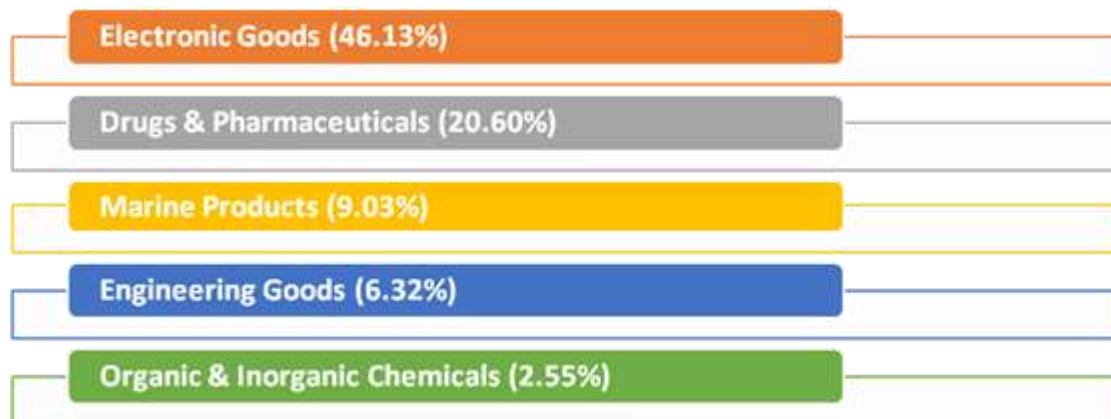
Before Covid

The expected value of India's total exports (including both goods and services) from April through November 2019-20* is USD 353.96 billion, representing an increase of 1.60 percent from the same time last year. The expected total imports for April through November 2019-20* are USD 408.02 billion, representing a negative rise of (-)5.30 percent.



EXPORTS (including re-exports)

The number of exports in November 2019 was USD25.98 billion, down from USD26.07 billion in November 2018 and a decrease of (-)0.34 percent. Exports decreased (-0.90%) from November 2018 to November 2019 in terms of Rupees, coming in at Rs. 1,85,644.81 crore as opposed to Rs. 1,87,335.14 crore.



The total value of exports from April through November 2019–20 was USD211.93 billion (roughly equal to Rs. 14,89,793.87 billion), down from USD216.23 billion (roughly equal to Rs. 15,05,216.55 billion) from April through November 2018–19. This represents a negative growth of (-)1.99 per cent in Dollar terms and (-)1.02 per cent in Rupee terms.

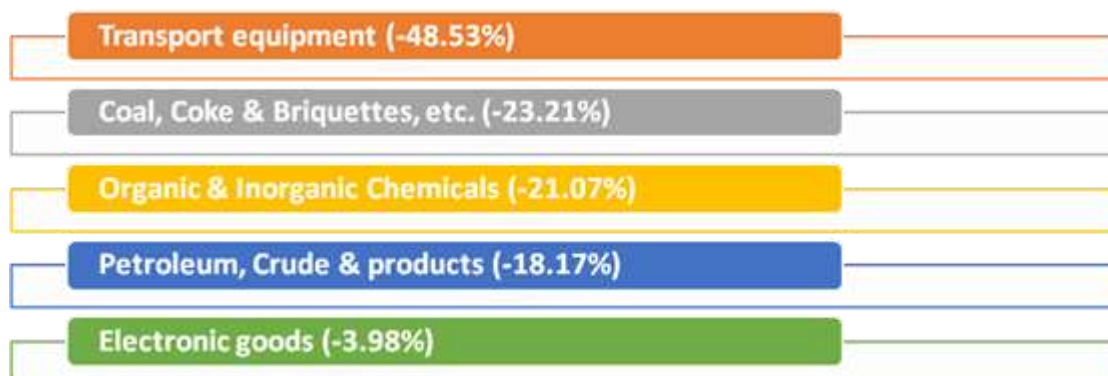
Exports of goods other than petroleum, gems, and jewellery totalled USD 19.31 billion in November 2019 compared to USD 18.55 billion in November 2018, a rise of 4.08 per cent. Exports of goods other than petroleum, gems, and jewellery totalled USD 156.76 billion from April through November 2019–20, an increase of 0.17 per cent over the USD 156.49 billion for the same period in 2018–19.

IMPORTS

In comparison to November 2018's imports of USD43.66 billion (Rs. 3,13,680.85 crore), which totalled USD38.11 billion (Rs. 2,72,274.45 crore), imports in November 2019 fell by 12.71 percent in dollars and 13.20 percent in rupees. As compared to the cumulative value of imports for the months of April through November of



last year, which was USD349.96 billion (Rs. 24,37,538.61 crore), the cumulative value of imports for the months of April through November of this year was USD318.78 billion (Rs. 22,39,900.18 crore), representing a negative growth of (-)8.91% in Dollar terms and (-)8.11% in Rupee terms.



Crude Oil and Non-Oil Imports

Compared to November 2018, when oil imports totaled USD13.52 billion (Rs. 97,134.45 crore), November 2019 saw oil imports of USD11.06 billion (Rs. 79,040.21 crore), a decrease of 18.17% in dollar terms and 18.63% in rupee terms. In comparison to the same period previous year, oil imports decreased by 12.35 percent in rupee terms and 12.99 percent in dollar terms from April through November 2019-20 to USD97.69 billion (Rs. 6,81,497 crore).

In this context, it should be noted that, according to data from the World Bank, the global Brent price (\$/bbl) fell by 3.73% in November 2019 compared to November 2018.

Non-oil imports were estimated at USD27.04 billion (Rs1,93,234.24 billion) in November 2019, down 10.26% in dollars and 10.77% in rupees from USD30.14 billion (Rs2,16,546.40 billion) in November 2018. In comparison to USD252.27 billion (Rs. 17,56,041.60 crore) in April-November 2018-19, non-oil imports in April-November 2019-20 were USD233.78 billion (Rs. 16,42,589.31 crore), which was 7.33 percent lower in Dollar terms and 6.46 percent lower in Rupee terms.

In comparison to Non-Oil and Non-Gold imports of USD 27.37 billion in November 2018, Non-Oil and Non-Gold imports were USD 24.10 billion in November 2019, marking a negative rise of (-)11.96%. In comparison to Non-Oil and Non-Gold imports of USD 230.12 billion in April-November 2018-19, Non-Oil and Non-Gold imports were USD 213.19 billion in April-November 2019–20, registering a negative growth of (-)7.35%.

2. Trade in services

EXPORTS (Receipts)

According to the most recent press release from the RBI, dated December 13th, exports in October 2019 totalled USD 17.70 billion (about Rs. 1,25,725.53 crore), representing a positive increase in dollar terms of 5.25 per cent over October 2018. For November 2019*, the expected export value of services is USD 17.26 billion.

IMPORTS (Payments)

According to the most recent press statement from the RBI, dated December 13th, imports in October 2019 totalled USD 10.86 billion (about Rs. 77,177.20 crores), representing a rise of 7.58 per cent in dollar terms compared to October 2018. 10.28 billion USD is the expected value of service import for November 2019*.

3. Trade Balance

Merchandise: Compared to November 2018, when the trade deficit was estimated at USD17.58 billion, November 2019's deficit was estimated at USD12.12 billion. Services: The trade balance in services (i.e., net services export) for October 2019 is anticipated to be USD6.83 billion, according to a press release from the RBI dated December 13th, 2019. Overall Trade Balance: Taking both goods and services into account, the expected overall trade deficit for April through November 2019–20* is USD54.06 billion, down from USD82.47 billion in April through November 2018–19.



After Covid

India's merchandise export in January 2022 was USD 34.06 billion, up 23.69% from the previous month. India's exports of goods increased (46.53% more) in 2021–22 than they did in 2020–21. In January 2022, the trade deficit was 17.94 billion USD, compared to 160.38 billion USD in 2021–2022 (April-January).



A positive growth of 19.4% over non-petroleum exports of USD 25.4 billion in January 2021 and a positive growth of 33.81% over non-petroleum exports of USD 22.67 billion in January 2020 was seen in the value of non-petroleum exports, which in January 2022 totalled USD 30.33 billion. The value of non-petroleum imports increased by 24.44% over non-petroleum imports of USD 32.61 billion in January 2021 and by 44.19% over non-petroleum imports of USD 28.14 billion in January 2020 to reach USD 40.57 billion in January 2022. The cumulative value of non-petroleum exports in 2021-22 (Apr-Jan) was USD 287.84 billion, an increase of 37.59% over USD 209.19 billion in 2020-21 (Apr-Jan) and an increase of 25.8% over USD 228.8 billion in 2019-20 (Apr-Jan).

Non-petroleum exports totalled USD 287.84 billion in 2021–22 (Apr–Jan), up 37.59% from USD 209.19 billion in 2020–21 (Apr–Jan) and up 25.8% from USD 228.8 billion in 2019–20. (Apr–Jan). The total value of non-petroleum imports during April to January 2021–22 was USD 366.14 billion, up 51.67% from April to January non-oil imports of USD 241.41 billion in 2020–21 and up 23.86% from non-oil imports of USD 295.61 billion in 2019–20. (Apr–Jan). In March, India's merchandise trade imbalance was \$18.5 billion, with imports rising by 24% to \$60.74 billion and exports rising by nearly 20% to \$42.22 billion. India's exports of goods reached a record \$419.65 billion in 2021–22, but imports rose to \$611.89 billion, leaving a \$192.24 billion deficit.

CONCLUSION

The effects of COVID-19 on Indian foreign commerce were significant. Production was a sector that was severely hit by it because all manufacturing facilities were shut down during COVID-19, which also disrupted regular economic activity and daily living in India and negatively harmed the nation's economic growth.



REFERENCES

1. A., K. (2010, July). *Impact of Financial Crisis on India's Merchandise Trade and Services Trade*. Retrieved from https://www.researchgate.net/publication/293482461_Impact_of_Financial_Crisis_on_India%27s_Merchandise_Trade_and_Services_Trade
2. Agrawal, S., & Gupta, D. S. (2020, May). *Effect of COVID-19 on the Indian Economy and Supply Chain*. Retrieved from https://www.researchgate.net/publication/341266520_Effect_of_COVID-19_on_the_Indian_Economy_and_Supply_Chain
3. Ashwani, P. S. (2020, September). *COVID-19 and Indian Economy: Impact on Growth, Manufacturing, Trade and MSME Sector*. Retrieved from <https://journals.sagepub.com/doi/full/10.1177/0972150920945687>
4. Gupta, R. P. (2020, July). *COVID-19 and India's Foreign Trade: An empirical Analysis of Select Commodities*. Retrieved from https://eprajournals.com/jpanel/upload/1150pm_IJRD%20JULY%202020%20FULL%20JOURNAL.pdf#page=305
5. Gupta, S. (2019, April). *An Analysis of Indian Foreign Trade in Present Era*. Retrieved from https://www.researchgate.net/publication/332442657_An_Analysis_of_Indian_Foreign_Trade_in_Present_Era
6. Maliszewska, M., Mattoo, A., & van der Mensbrugge, D. (2020, April). *The Potential Impact of COVID-19 on GDP and Trade: A Preliminary Assessment*. Retrieved from <http://hdl.handle.net/10986/33605>
7. Mewal, K. (2020, October). *Covid 19 impact on World Geo politics and Economy*. Retrieved from https://www.researchgate.net/publication/344496078_Impact_of_COVID'19_on_India's_International_Trade_Market_Trends_in_the_Globalized_World
8. Naidu, M. G. (2012). *A study of financial performance of reputed public bank in India during 2006 to 2010*. *Asia Pacific Journal of Marketing & Management Review*, 1(3), 82-101.
9. Mandala, G. N., & Mohanty, A. (2019). *A study on demonetisation and its impact on Indian economy*. *Journal of Computational and Theoretical Nanoscience*, 16(5-6), 2377-2380.
10. Mandala, G. N. (2018). *A Study on Impact of Investors 'demographics Towards Preferences of Mutual-Funds In North Coastal Andhra Pradesh*.
11. Mandala, G. N., & Kakkar, R. (2019). *A Study on Impact of Exchange Rate Factor on Indian Stock Market*. *Journal of Computational and Theoretical Nanoscience*, 16(5-6), 2128-2130.
12. Organization, W. T. (2020, April). *Trade set to plunge as COVID-19 pandemic upends global economy*. Retrieved from https://www.wto.org/english/news_e/pres20_e/pr855_e.htm
13. Parth, K. (2020). *The economic cost of COVID-19: A potential pandemic impact on Indian economy*. Retrieved from <https://pesquisa.bvsalud.org/global-literature-on-novel-coronavirus-2019-ncov/resource/pt/covidwho-829702>
14. Paul baker, R. R. (2020). *Implications of Covid-19 on India's Economy and Trade*. Retrieved from https://www.tradeeconomics.com/iec_publication/implications-of-covid-19-on-indias-economy-and-trade/
15. Prasad, E. H., & Prasad, G. B. (2018). *Impact of Foreign Trade on Indian Economy - A Study*. Retrieved from <http://www.publishingindia.com/jcar/47/impact-of-foreign-trade-on-indian-economy-a-study/706/4921/>
16. Singh, S. (2010, January). *The Indian response to the global financial crisis*. Retrieved from https://www.researchgate.net/publication/277754521_The_Indian_response_to_the_global_financial_crisis
17. Sivakumar, M. (2012). *Global Economic Crisis and Its Impact on India's Exports and Imports*.
18. Sutradhar, P., Agarwal, K., & Goswami, K. C. (2020, July). *AN IMPACT ANALYSIS OF COVID19 PANDEMIC CRISIS ON INDIAN FOREIGN TRADE*. 11(7). doi:10.34218/IJM.11.7.2020.065
19. tantri, M. L., & Bhat, V. (2020, July). *COVID-19, Trade and India- Policy Issues in Leveraging the Opportunities*. Retrieved from http://www.isec.ac.in/PB%2035%20-%20COVID%2019%20Trade%20and%20India%20%20Policy%20Issues%20in%20Leveraging%20the%20Oppo rtunities_Final.pdf
20. Virmani, A., & Bhasin, K. (2020, April). *Growth Implications of Pandemic: Indian economy*. Retrieved from https://www.researchgate.net/publication/340789326_Growth_Implications_of_Pandemic_Indian_Economy