



# India's Goods Exports Touches New Height

**For Prelims:** Status of India's Exports, [Trends in Exports](#)

**For Mains:** [India's Export Outlook](#), challenges and Way forward

[Source: PIB](#)

## Why in News?

India's [merchandise exports](#) reached a peak of USD 41.68 billion in March 2024 compared to the FY 2022-23.

## What does the Current Export Data Reveal?

### ▪ About:

- India's [goods exports](#) reached USD 41.68 billion in March 2024 compared to the FY 2022-23, despite a 0.67% decline from last year's tally,
- **Imports**, on the other hand, **dropped** by 6% to USD 57.3 billion during the same period.
- The goods [trade deficit](#) contracted to USD 15.6 billion, the lowest in 11 months.

### ▪ Key Factors:

- **Gold Imports Decline:** [Gold imports](#) fell sharply by 53.6% in March to USD 1.53 billion.
- **Non-Oil, Non-Gold Imports:** The drop in non-petroleum, non-gold imports contributed to the overall decline.
- **Silver Imports Surge:** Interestingly, **silver imports jumped** to USD 816.6 million.

### ▪ Impact on Full-Year Figures (2023-24):

- While goods exports averaged USD 35.4 billion in the first ten months, the last two months' spike lifted the full-year export figure to USD 437.1 billion.
- This performance is 3.1% below the record USD 451.1 billion achieved in the previous year.

### ▪ FY 2023-24 Projections:

- Despite persistent global challenges like the [Ukraine war](#), and the [West Asian crisis](#), overall exports are **estimated to surpass** last year's record.
  - **India's overall exports (merchandise + services) are estimated to reach USD 776.68 billion.**
  - This represents a **positive growth of 0.04%** over the previous fiscal year (FY 2022-23).
  - Despite global challenges, this figure slightly edges out the USD 776.40 billion recorded in FY 2022-23.

|   |               | March 2024<br>(USD Billion) | March 2023<br>(USD Billion) |
|---|---------------|-----------------------------|-----------------------------|
| Merchandise                                 | Exports       | 41.68                       | 41.96                       |
|   | Imports       | 57.28                       | 60.92                       |
| Services*                                   | Exports       | 28.54                       | 30.44                       |
|   | Imports       | 15.84                       | 16.96                       |
| Overall Trade<br>(Merchandise + Services) * | Exports       | 70.21                       | 72.40                       |
|   | Imports       | 73.12                       | 77.88                       |
|   | Trade Balance | -2.91                       | -5.48                       |

\* Note: The latest data for services sector released by RBI is for February 2024. The data for March 2024 is an estimation, which will be revised based on RBI's subsequent release. (ii) Data for FY 2022-23 (April-March) and April-December 2023 has been revised on pro-rata basis using quarterly balance of payments data.

- **Merchandise Export Drivers:** Key contributors to merchandise export growth include:
  - **Electronic Goods:** Exports increased by 23.64% to USD 29.12 billion.
  - **Drugs & Pharmaceuticals:** Exports rose by 9.67% to USD 27.85 billion.
  - **Engineering Goods:** Exports grew by 2.13% to USD 109.32 billion.
- **Agricultural Commodities Show Positive Growth:**
  - Exports of **agricultural commodities**, such as tobacco, fruits, vegetables, meat, dairy products, spices, and oil seeds, exhibited positive growth in FY 2023-24.
- **Trade Deficit Improvement:**
  - The overall **trade deficit** is estimated to significantly improve by 35.77% to USD 78.12 billion in FY 2023-24.
  - Merchandise trade deficit improved by 9.33% to USD 240.17 billion compared to FY 2022-23.
- **Current Account Balance Outlook:**
  - The easing of the goods trade deficit in March is expected to augur well for the **current account balance** in the final quarter of FY 2023-24.

## What Should be the Strategy to Further Enhance India's Exports?

- **Cost Optimisation:**
  - **Land, Power, and Capital Costs:** The government must urgently address **cost-related challenges** associated with **land acquisition**, power tariffs, and capital availability.
  - **Scale and Efficiency:** Encouraging **economies of scale** can significantly reduce cost disabilities for businesses.
- **Enhancing Competitiveness:**
  - **Infrastructure and Logistics:** Improving transportation networks, **ports**, and warehousing facilities will enhance supply chain efficiency.
  - **Labour Flexibility:** Streamlining **labour laws** and ensuring flexibility can make Indian companies more competitive.
  - **MSME Support:** Strengthening **Micro, Small, and Medium Enterprises (MSMEs)** will contribute to overall competitiveness.
- **Market Access via Trade Treaties:**
  - India should actively **negotiate and sign trade agreements** with key trading partners to facilitate market access for its exports.
  - **Bilateral and multilateral treaties** can open up new avenues for Indian products globally.
- **Technology and Quality Focus:**
  - Investing in **research and development (R&D)** and adopting advanced technologies will enhance product quality.
  - **Quality certifications** and adherence to international standards are crucial for gaining consumer trust.
- **Promoting Brand India:**

- The government and industry bodies should collaboratively promote “**Brand India**” on the global stage.
- Highlighting **India’s rich cultural heritage**, skilled workforce, and innovative capabilities will attract international buyers.
- **China Plus One Strategy:**
  - Encouraging multinational companies to diversify their manufacturing base away from China is essential.
  - India can position itself as an attractive alternative for investment and production.
- By implementing these strategies, India can not only sustain its export growth but also **surpass previous records**, contributing to economic prosperity and global trade dynamics

**Drishti Mains Question:**

Q. Discuss the potential and challenges of enhancing India's export competitiveness in the global market. Highlight key sectors with high export potential and strategies to leverage them for sustainable economic growth.

**UPSC Civil Services Examination, Previous Year Question (PYQ)**

**Prelims:**

**Q. The SEZ Act, 2005 which came into effect in February 2006 has certain objectives. In this context, consider the following: (2010)**

1. Development of infrastructure facilities.
2. Promotion of investment from foreign sources.
3. Promotion of exports of services only.

**Which of the above are the objectives of this Act?**

- (a) 1 and 2 only
- (b) 3 only
- (c) 2 and 3 only
- (d) 1, 2 and 3

**Ans: (a)**

**Q. Consider the following statements: (2021)**

**The effect of devaluation of a currency is that it necessarily**

1. improves the competitiveness of the domestic exports in the foreign markets
2. increases the foreign value of domestic currency
3. improves the trade balance

**Which of the above statements is/are correct?**

- (a) 1 only
- (b) 1 and 2
- (c) 3 only
- (d) 2 and 3

**Ans: (a)**

**Mains:**

**Q. How would the recent phenomena of protectionism and currency manipulations in world trade affect**

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