

GROWTH DYNAMICS OF INDIA'S EXPORTS



PHD RESEARCH BUREAU
PHD CHAMBER OF COMMERCE AND INDUSTRY



PHD Chamber's Viewpoint



Shri Saket Dalmia
President
PHDCCI



Shri Sanjeev Agrawal
Senior Vice President
PHDCCI



Shri Hemant Jain
Vice President
PHDCCI

India's Foreign Trade Policy for 2023 arrives at a crucial juncture as India expands its presence in global trade. As India's overall trade in both goods and services is experiencing double-digit growth, the FTP 2023 is expected to enhance India's standing as a global trade partner. Supported by the strength of its states and districts for generating a significant increase in employment opportunities, the FTP 2023 makes India a potential e-commerce partner for global companies. Furthermore, the policy is anticipated to boost export volumes which shall help India achieve the ambitious goal of US \$1 trillion in merchandise exports and US \$1 trillion in services exports, further raising India's profile in the global arena by 2030.

The COVID-19 pandemic had brought the economies of most nations to a halt. India at this time has emerged as window of opportunity for most nations with its robust export performance. The preference of several nations across the globe towards India amidst the pandemic is an attestation to this fact. At this juncture, the Foreign Trade Policy 2023 helps India to take advantage of the global tailwinds through wider engagement with states and districts. This shall promote development of each state as an export hub for better integration with the Global Value Chains in coming years.

Trade facilitation is critical to enhance India's role in the global trade especially amidst the global economic slowdown. India's new Foreign Trade Policy 2023 has come at a right time to accommodate the emerging needs for India's trade. The key approach of India's new FTP is based on movement from incentive based approach to remission based approach; export promotion through collaboration of states, districts etc.; reduction in transaction cost and e-initiatives and streamlining SCOMET policy. Based on principles of 'trust' and 'partnership' with exporters, the new FTP 2023 facilitates continuity of exports amidst disruptions and makes India responsive to the requirements of global trade



Shri Saurabh Sanyal
CEO & Secretary
General
PHDCCI

India has witnessed a sea change in its export landscape amidst the COVID-19 pandemic and the Russia-Ukraine war as more nations are relying on it for key commodities. FTP 2023 in these times; aim to involve wider engagement with states and districts to promote exports from the grassroots for developing each state in integrating with the global trade. The FTP 2023 outlines a roadmap for establishing e-commerce hubs and related elements for facilitating this integration. This development shall help India to increase its visibility in the global arena as a possible e-commerce partner backed with the strength of states and districts. The consultative mechanisms shall be fruitful in resolving issues of trade and industry and thereby enhancing its ease of doing business



Dr S P Sharma
Chief Economist |
Deputy Secretary
General
PHDCCI

India has showcased a robust and resilient export performance amidst the post-pandemic global economic slowdown. With sixteen out of top twenty five export destinations, India has managed to grow its exports at a double digit level. This points towards India's robust and resilient supply chains with these nations pre, during and post-pandemic era. In a similar manner, twelve out of top twenty five exported commodities have shown a double digit average growth rate of exports. These commodities which together contribute 50% of India's overall exports have shown a resilient growth during the pandemic and post-pandemic times. To further this growth momentum, India's new FTP 2023 creates an enabling ecosystem for exporters and collectively increases its competitiveness.



Growth Dynamics of India's Export

Table of Contents

1. Executive Summary	6
2. India's Trade Performance over the Years	8
3. India's Export Performance over the Years	9
3.1. India's Export Performance	10
3.1.1. Month wise Growth in India's Overall Exports (Merchandise + services)	10
3.1.2. Month wise Growth in India's Merchandise Exports	11
3.1.3. Month wise Growth in India's Service Exports	12
3.2. India's Export Performance with Top 25 Export Destinations	12
3.3. India's Export Performance in Top 25 Export Commodities	16
3.4. Key Takeaways from Analysis on Top 25 Export Destinations and Top 25 Commodities of Exports	22
3.4.1. Analysis of India's Top 25 Export Destinations	22
3.4.2. Analysis of India's Top 25 Export Commodities	24
4. FTP 2023 to Enhance India's Trade Performance	26
4.1. About India's New FTP 2023	26
4.2. Key Highlights of FTP 2023 that will Enhance India's Trade Performance	27
5. India's Exports and Projections	29
6. Conclusions	29



Growth Dynamics of India's Export

List of Tables

TABLE 1: INDIA'S ANNUAL TRADE (MERCHANDISE + SERVICES) FROM 2010-11 TILL 2022-23 IN USD BILLION	8
TABLE 2: INDIA'S MONTH-WISE OVERALL TRADE (MERCHANDISE PLUS SERVICES).....	11
TABLE 3: INDIA'S MONTH-WISE MERCHANDISE EXPORT (US\$ BILLIONS).....	11
TABLE 4: INDIA'S MONTH-WISE SERVICE EXPORT (US\$ BILLIONS)	12
TABLE 5: INDIA'S TOP 25 EXPORT DESTINATIONS AND CHANGE IN THEIR EXPORTS (FY 19 TO FY 23) IN USD BILLION	14
TABLE 6: INDIA'S TOP 25 EXPORTED COMMODITIES AND CHANGE IN THEIR EXPORTS (FY19 TO FY 23) IN USD BILLION	19
TABLE 7 EXPORT DESTINATIONS OF INDIA AND THEIR CATEGORIES.....	23
TABLE 8 EXPORT COMMODITIES OF INDIA AND THEIR CATEGORIES.....	24
TABLE 9: REAL GDP GROWTH FOR TOP 10 GROWING ECONOMIES.....	29

List of Figures

FIGURE 1: INDIA'S TOTAL TRADE (MERCHANDISE + EXPORTS) FROM 2010-11 TILL 2022-23	9
FIGURE 2: INDIA'S TOTAL EXPORTS (MERCHANDISE + EXPORTS) FROM 2010-11 TILL 2022-23	10
FIGURE 3: COUNTRIES AND THEIR AVERAGE EXPORT GROWTH RATE (FY 19 TO FY 23)	13
FIGURE 4: COMMODITIES AND THEIR AVERAGE EXPORT GROWTH RATE FROM FY 19 TO FY 23	17

1. Executive Summary

The present study is conducted with an aim of generating insights into India's export performance and how India's new Foreign Trade Policy 2023 shall work towards enhancing this performance. The export volumes of top 25 export destinations from FY 2018-19 to FY 2022-23 are analysed. Based on the average growth rate of exports during the past five years, the countries are classified as high, strong, moderate and weak growth export destinations.

India's exports to the top 25 countries were growing at a strong pace particularly with the top 10 highly growing export destinations during the last five years (FY 2019 to FY 2023) including Togo (73%), the Netherlands (36%), Brazil (28%), Israel (27%), Indonesia (24%), Turkey (22%), Australia (20%), South Africa (19%), Saudi Arabia (16%) and Belgium (13%). Exports to these countries have grown at high rate amidst the global economic slowdown. These countries are emerging major growth destinations for India's exports though the volumes have to pick up in the coming times

The UAE, Nepal, Malaysia, China, Singapore, the U K, Germany, Vietnam and Hong Kong have showcased an average growth rate of less than 10% pointing that they are moderately growing export destinations. Deep-dived efforts are required to understand and identify the issues faced by Indian companies in exporting to these nations. Additionally, effective marketing and promotion strategies can create awareness about Indian products, build brand reputation, and attract international buyers.

Based on the average growth rate of exports during the past five years, the commodities of exports are classified as high, strong, moderate and weak growth commodities. India's exports to the top 25 commodities were growing at a strong pace particularly with the top 10 highly growing export commodities during the last five years (FY 2019 to FY 2023) including Sugar and confectionary (43%), Mineral fuel and oils (36%), Electrical machinery and parts (27%), aluminum and articles (18%), inorganic chemicals, precious and rare- earth metals (16%) miscellaneous chemical products (16%), Cereals (14%), iron and steel (12%), ships, boats and floating structures (11%), rubber and articles (11%) and optical, photographic, medical apparatus (10%).

These high growth-high volume export commodities have potential to become major growth drivers of India's exports. Maintaining and improving the quality to meet international standards and customer requirements can further give Indian exporters of these commodities an edge in the global market.

The GDP growth of the top ten growth oriented destinations of India namely Togo, Netherlands, Brazil, Israel, Indonesia, Turkey, Australia, South Africa, Saudi Arabia and Belgium is decelerating in 2023 to 2.3% from 4.8% in 2022 which will have some impact on the overall exports growth in the short term. Though some slowdown is seen in the short-



Growth Dynamics of India's Export

term scenario till September 2023 due to the uncertainties and recessionary headwinds in some advanced economies, exports are expected to pick up significantly from the month of October 2023.

The dynamic policy environment provided by the government along with efforts of the exporters to connect with global value chains will enhance the export volumes in the coming times. Added to this is the double digit growth of services exports during the last two years at 24%. This growth is commendable as our services have shown a great resilience and price competitiveness in the global markets. The growth of services exports will also be a major growth driver to achieve the ambitious targets of USD 1 trillion by 2024-25 and USD 2 trillion by 2029-30.

The launch of India's new Foreign Trade Policy (FTP) 2023 with its five key elements of Duration, Dynamism, Decentralisation, Direction and Disaster proofing, is aimed at creating an enabling ecosystem for exporters. It shall bolster India's export quantum while considering the size of the Indian economy and its manufacturing and service sector base. The FTP 2023 aims at collectively increasing India's competitiveness in the global markets by promoting and developing each state to be able to integrate with the global trade which is a move in line with India's vision of becoming "Atmanirbhar" (self-reliant). Going forward, ease of doing exports with calibrated reforms by the government will be crucial to achieve the target of USD 2 trillion by 2030.

2. India's Trade Performance over the Years

Since India opened its markets starting 1990-91, there has been an exponential rise in the country's foreign trade which has made a critical contribution to its economic growth as well. In the past ten years itself, India's overall trade has witnessed an increase of 65% (from USD 1000 Billion to USD 1660 Billion). With the likely size of India's nominal GDP at the end of FY23 around \$3.4 trillion, India's overall trade is approximately 48 per cent of India's nominal GDP. A close look at India's trade performance (merchandise and services combined) exhibits a bright picture of growth, continuity and security that instills trust among foreign investors for establishment of their GVCs. The Table 1 tabulates the quantum of India's total trade, with its exports and imports along with the Year on Year (Y-o-Y) growth from FY 2011 till FY 2023.

Table 1: India's Annual Trade (Merchandise + Services) from 2010-11 till 2022-23 in USD Billion

Year	Total Exports (Merchandise + Services)	YoY Growth	Total Imports (Merchandise + Services)	YoY Growth	Total Trade (Merchandise + Services)	YoY Growth
2010-11	375.4	37.83%	450.3	29.25%	825.7	33.01%
2011-12	447.4	19.19%	567.6	26.03%	1014.9	22.92%
2012-13	448.4	0.23%	571.5	0.70%	1019.9	0.49%
2013-14	472.2	5.30%	529.0	-7.45%	1001.1	-1.84%
2014-15	468.3	-0.82%	529.6	0.12%	997.9	-0.32%
2015-16	416.8	-11.00%	465.6	-12.08%	882.4	-11.57%
2016-17	423.0	1.49%	480.2	3.13%	903.2	2.35%
2017-18	478.2	13.04%	583.1	21.43%	1061.3	17.50%
2018-19	535.5	11.98%	640.1	9.78%	1175.6	10.77%
2019-20	526.6	-1.66%	603.0	-5.80%	1129.5	-3.92%
2020-21	497.9	-5.44%	512.0	-15.10%	1009.9	-10.59%
2021-22	670.0	34.57%	760.1	48.46%	1430.1	41.61%
2022-23	770.2	14.95%	892.2	17.38%	1662.4	16.24%

Source: PHD Research Bureau, PHD Chamber of Commerce and Industry, data compiled from Ministry of Commerce and Industry, Government of India

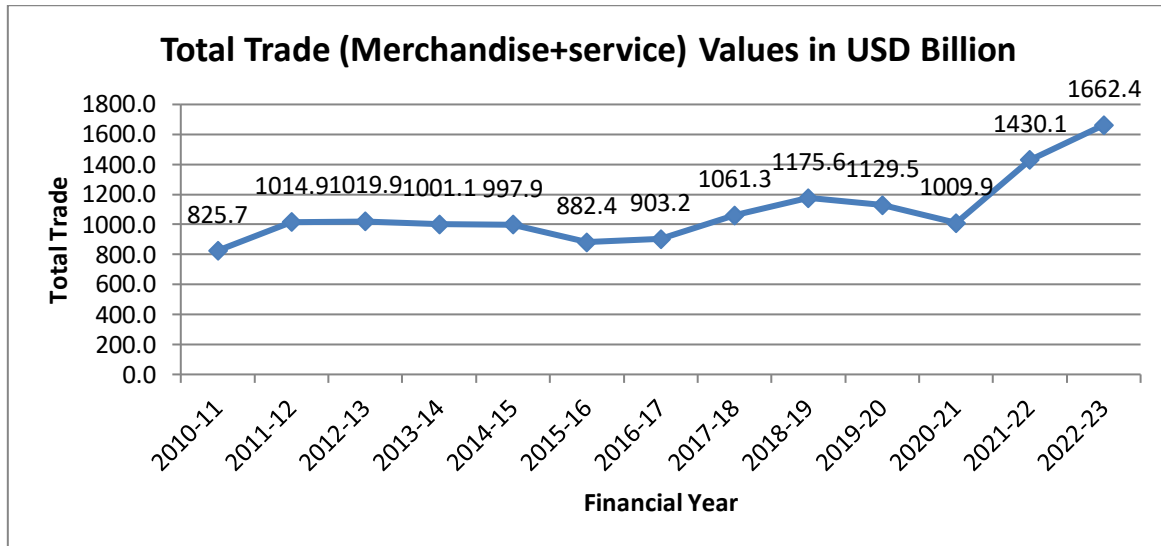
The Figure 1 depicts India's total trade volume (combined merchandise and services) from FY 2011 till FY 2023. It shows the rising quantum of India's trade over the years while being accompanied by a slight decline during the turbulent years. India's trade was, however, quick to respond and it regained its momentum in the forthcoming years.

In 2015-16, India's trade quantum saw a decline owing to the global slow down; however, the exports rose again in the forthcoming years at a faster rate suggesting resilience of India's value chains.

India's trade quantum also witnessed a decline during the disruption caused by the COVID-19 pandemic. This is marked by a negative trade YoY change during the years 2019-2020 and

2020-2021. However, India's robust and resilient value chains regained their momentum and showed a rise in the quantum of trade in the coming years. India's overall trade saw a YoY growth of 41.61% in the year 2021-22 reiterating the robustness and resilience of its value chains.

Figure 1: India's total trade (merchandise + exports) from 2010-11 till 2022-23



Source: PHD Research Bureau, PHD Chamber of Commerce and Industry, data compiled from Ministry of Commerce and Industry, Government of India

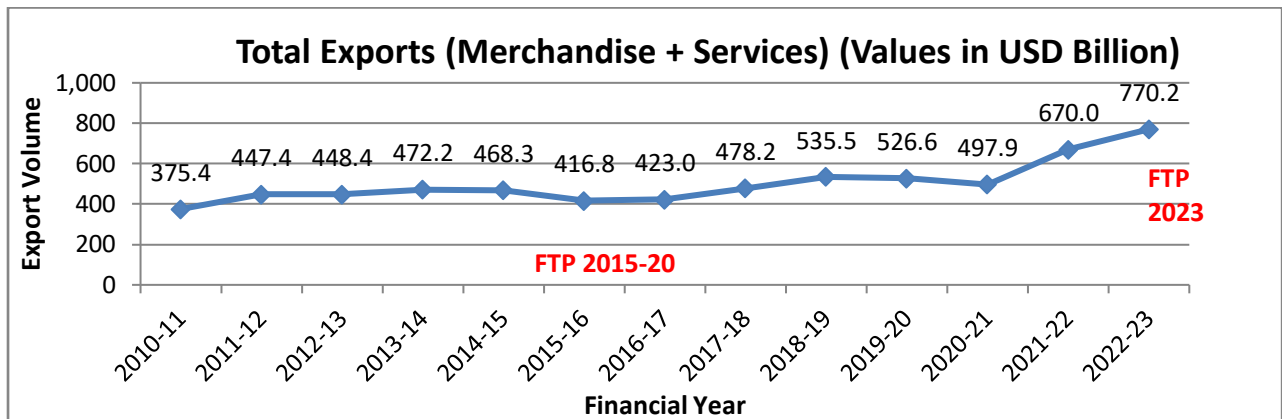
3. India's Export Performance over the Years

The Figure 2 depicts the export volume (combined merchandise and services) from FY 2011 to FY 2023. It also shows the years in which India's Foreign Trade Policies were launched which are 2015 and 2023. India's previous Foreign Trade Policy (FTP) was for five years from 2015-2020 but first due to the pandemic and later due to Ukraine war, it was not revised and the government decided to proceed with it until the end of March 2023.

On 31st March 2023, the Union Minister for Commerce and Industry announced FTP 2023 with a vision of bringing manifold increase to India's exports. With FTP 2023 in place, the government has set an ambitious target of India's exports worth 2 trillion dollars by 2030.

FTP 2015-20 contributed significantly to the growth of India's export in merchandise and services, which went from \$416.8 billion in the FY16 to approx. \$670 billion in the FY22, and has increased to \$770 billion in FY23. The total export quantum in the era of FTP 2015 is USD 3901.2 Billion in comparison to the export volume of USD 2628.4 Billion in the era of the prior FTPs. This is an increase of over 48.5% over the seven years even amidst the increase in the global slowdown during the era of FTP 2015.

Figure 2: India's total exports (merchandise + exports) from 2010-11 till 2022-23



Source: PHD Research Bureau, PHD Chamber of Commerce and Industry, data compiled from Ministry of Commerce and Industry, Government of India

The launch of the FTP 2015, furthermore, was marked with an increase of quantum of exports by 13% in FY 2016. The FTP 2015 also provided a growth foundation in the growth of exports amidst the COVID-19 pandemic in 2021-22 and Russia-Ukraine war in 2022-23. With the positive growth in exports brought by FTP 2015, it is expected that FTP 2023 shall also be a harbinger of immense growth in the export quantum of India.

3.1. India's Export Performance

The present section performs three important analyses. In the first sub-section, India's overall export performance (merchandise+ services) month-wise in FY 2022-23 is compared with the overall export in FY 2021-22. In the second and third sub-section, India's merchandise and services export over the same time period are analysed to determine the growth achieved during the post-pandemic period in exports.

3.1.1. Month wise Growth in India's Overall Exports (Merchandise + services)

The Table 2 tabulates India's month wise overall exports for FY 2021-22 and for FY 2022-23 along with the month on month growth achieved during these two years. It is observed that India managed to retain a double digit growth till September after which the exports have witnessed a decline. Merchandise exports have witnessed a rough patch during the pandemic years as they are inextricably linked with the state of the global economy. India, however, managed to reach and retain the growth in the next few months. Overall; India witnessed a positive 14% growth in overall exports from FY 2021-22 to FY 2022-23. However, in the India's overall exports have witnessed a decline of (-) 8% in March 2023 as compared to March 2022.

Table 2: India's month-wise Overall Trade (Merchandise plus Services)

India's month-wise Overall Export (Merchandise plus Services) (US\$ Billions)			
Months	2021-22	2022-23	Growth (%)
Apr	48.8	63.8	31%
May	50.2	64.1	28%
June	52.8	69.2	31%
Jul	54.9	62.6	14%
Aug	53.8	63.5	18%
Sept	55.4	64.6	17%
Oct	56.1	56.9	2%
Nov	52.5	61.9	18%
Dec	65.2	69.2	6%
Jan	56.9	63.7	12%
Feb	58.5	64.4	10%
Mar	71.5	66.1	-8%
Total	676.5	770.1	14%

Source: PHD Research Bureau, PHD Chamber of Commerce and Industry, data compiled from Ministry of Commerce and Industry, Government of India

3.1.2. Month wise Growth in India's Merchandise Exports

The Table 3 tabulates India's month wise merchandise exports for FY 2021-22 and for FY 2022-23 along with the month on month growth achieved during these two years. It is observed that India managed to retain a double digit growth till June after which the exports have witnessed a decline. India, however, managed to reach and retain a positive growth in the next few months till September. Post this, India's merchandise growth have been facing a continuous decline. Overall, India's merchandise exports have witnessed a positive 6% growth from FY 2021-22 to FY 2022-23.

Table 3: India's month-wise Merchandise Export (US\$ Billions)

India's month-wise Merchandise Export (US\$ Billions)			
Months	2021-22	2022-23	Growth %
April	30.8	39.7	29%
May	32.3	39.0	21%
June	32.5	42.3	30%
Jul	35.5	38.4	8%
Aug	33.4	37.0	11%
Sept	33.8	35.4	5%
Oct	35.7	31.6	-12%
Nov	31.8	34.9	10%
Dec	39.3	38.1	-3%
Jan	35.2	35.7	1%
Feb	37.2	37.0	-0.4%
Mar	44.6	38.4	-14%
Total	422.0	447.5	6%

Source: PHD Research Bureau, PHD Chamber of Commerce and Industry, data compiled from Ministry of Commerce and Industry, Government of India

3.1.3. Month wise Growth in India's Service Exports

The Table 4 tabulates India's month wise services exports for FY 2021-22 and for FY 2022-23 along with the month on month growth achieved during these two years. It is observed that India has shown an exceptional performance in services growth by managing to retain a double digit growth throughout the year. However, the growth in services exports witnessed a single digit growth in March 2023 as compared to March 2022. Overall, India's services exports have witnessed a positive 27% growth from FY 2021-22 to FY 2022-23.

Table 4: India's month-wise Service Export (US\$ Billions)

India's month-wise Service Export (US\$ Billions)			
Months	2021-22	2022-23	Growth %
April	18.1	24.1	33%
May	17.9	25.1	41%
June	20.3	26.9	33%
Jul	19.4	24.3	25%
Aug	20.5	26.5	30%
Sept	21.6	29.2	35%
Oct	20.4	25.3	24%
Nov	20.7	27.0	31%
Dec	26.0	31.1	20%
Jan	21.6	28.0	30%
Feb	21.3	29.1	37%
Mar	26.9	27.8	3%
Total	254.5	322.8	27%

Source: PHD Research Bureau, PHD Chamber of Commerce and Industry, data compiled from Ministry of Commerce and Industry, Government of India

3.2. India's Export Performance with Top 25 Export Destinations

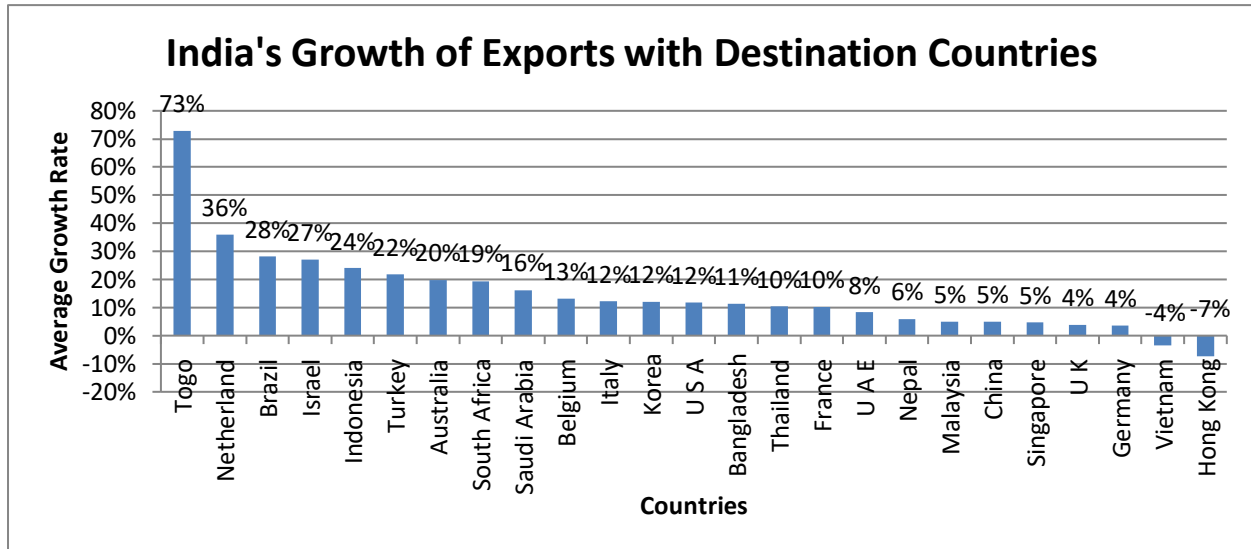
The average growth rate (%) of India's top 25 export destinations from FY19 to FY23 are calculated in Table 5 (top 25 export destinations calculated based on FY 2022-23). Figure 3 depicts the top 25 export destinations and their average growth rate sorted in descending order. The analysis in Table 5 shows that India's exports to countries like Togo, the Netherlands, Brazil, Israel, Indonesia, Turkey and Australia have showcased significant improvement with average growth in exports reaching to more than 20% from FY 2018-19 to FY 2022-23 (Figure 3).

A close look at Table 5 shows that India also managed to grow its exports with its recurring export destinations which are also the nations with whom it has high export quantum. Countries like the USA, South Africa, Saudi Arabia, Belgium, Italy, Korea, Bangladesh, Thailand and France have showcased an average growth rate more than 10% (Figure 3). While some countries have registered a positive export growth from previous years, several destinations like Belgium, Korea, Bangladesh, and France have witnessed a decline in their exports. As most of these export destinations have witnessed a decline in their export quantum post

Growth Dynamics of India's Export

pandemic, increased efforts are required for export facilitation through more trade agreements. This shall promote India's efforts towards ease of doing business that will instill trust in the corporations of these nations. India should further encourage product diversification and innovation to cater to changing global demands. Identifying niche markets and developing unique, value-added products can give Indian exporters a competitive edge in the international market.

Figure 3: Countries and their Average Export Growth Rate (FY 19 to FY 23)



Source: PHD Research Bureau, PHD Chamber of Commerce and Industry, data compiled from Ministry of Commerce and Industry, Government of India

Table 5 also brings attention towards the countries with which India has witnessed declining exports from FY 2018-19 to FY 2022-23. UAE, Nepal, Malaysia, China, Singapore, the UK, Germany, Vietnam and Hong Kong have shown an average export growth rate of 10% or less. It is a matter of concern that export quantum has declined with countries like UAE, Malaysia, Singapore, UK and Germany. Frequent industry-government interactions are required as deep-dived efforts to understand and identify the issues faced by Indian companies in exporting to these nations. They shall also help Indian exporters in aligning their products according to the requirements of these nations. Additionally, effective marketing and promotion strategies can create awareness about Indian products, build brand reputation, and attract international buyers.

Table 5: India's Top 25 Export Destinations and change in their Exports (FY 19 to FY 23) in USD Billion

India's Top 25 Export Destinations and change in their Exports (FY 19 to FY 23) in USD Billion												
S.No	Country	2018-19	Growth (%)	2019-20	Growth (%)	2020-21	Growth (%)	2021-22	Growth (%)	2022-2023	Growth (%)	Average
1	Togo	0.69	70%	1.04	50%	1.55	49%	3.01	95%	6.05	101%	73%
2	Netherland	8.81	41%	8.37	-5%	6.47	-23%	12.54	94%	21.62	72%	36%
3	Brazil	3.80	24%	3.97	4%	4.24	7%	6.49	53%	9.92	53%	28%
4	Israel	3.72	11%	3.36	-10%	2.70	-20%	4.80	78%	8.45	76%	27%
5	Indonesia	5.28	33%	4.13	-22%	5.03	22%	8.47	69%	10.02	18%	24%
6	Turkey	5.45	7%	4.97	-9%	3.95	-20%	8.72	121%	9.61	10%	22%
7	Australia	3.52	-12%	2.85	-19%	4.04	42%	8.28	105%	6.95	-16%	20%
8	South Africa	4.07	6%	4.11	1%	3.93	-4%	6.09	55%	8.47	39%	19%
9	Saudi Arabia	5.56	3%	6.24	12%	5.86	-6%	8.76	50%	10.73	22%	16%
10	Belgium	6.73	8%	5.81	-14%	5.24	-10%	10.08	93%	8.86	-12%	13%
11	Italy	5.59	-2%	4.97	-11%	4.74	-5%	8.18	73%	8.69	6%	12%
12	Korea	4.71	5%	4.85	3%	4.68	-3%	8.09	73%	6.65	-18%	12%
13	U S A	52.41	9%	53.09	1%	51.62	-3%	76.17	48%	78.54	3%	12%
14	Bangladesh	9.21	7%	8.20	-11%	9.69	18%	16.16	67%	12.20	-24%	11%
15	Thailand	4.44	22%	4.30	-3%	4.24	-1%	5.75	36%	5.71	-1%	10%
16	France	5.23	7%	5.10	-3%	4.78	-6%	6.64	39%	7.61	15%	10%
17	U A E	30.13	7%	28.85	-4%	16.68	-42%	28.04	68%	31.61	13%	8%
18	Nepal	7.77	17%	7.16	-8%	6.84	-4%	9.65	41%	8.02	-17%	6%
19	Malaysia	6.44	13%	6.36	-1%	6.06	-5%	7.00	15%	7.16	2%	5%
20	China	16.75	26%	16.61	-1%	21.19	28%	21.26	0%	15.31	-28%	5%
21	Singapore	11.57	13%	8.92	-23%	8.68	-3%	11.15	29%	11.99	8%	5%

Growth Dynamics of India's Export

India's Top 25 Export Destinations and change in their Exports (FY 19 to FY 23) in USD Billion												
S.No	Country	2018-19	Growth (%)	2019-20	Growth (%)	2020-21	Growth (%)	2021-22	Growth (%)	2022-2023	Growth (%)	Average
22	U K	9.31	-4%	8.74	-6%	10.46	20%	10.46	0%	11.41	9%	4%
23	Germany	8.90	2%	8.29	-7%	8.12	-2%	9.88	22%	10.13	3%	4%
24	Vietnam	6.51	-17%	5.06	-22%	5.00	-1%	6.70	34%	5.91	-12%	-4%
25	Hong Kong	13.00	-11%	10.97	-16%	10.16	-7%	10.98	8%	9.89	-10%	-7%
Average		239.60	11%	226.32	-5%	215.96	1%	313.35	54%	331.52	13%	
Total												
India's Total Trade		330		313		292		422		451		
Top 25 as % of Total Trade		73%		72%		74%		74%		74%		

Source: PHD Research Bureau, PHD Chamber of Commerce and Industry, data compiled from Ministry of Commerce and Industry, Government of India

3.3. India's Export Performance in Top 25 Export Commodities

The average growth rate (%) in exports of India's top 25 export commodities from FY19 to FY23 is calculated in Table 6 (top 25 export commodities calculated based on FY 2022-23). Figure 4 depicts the top 25 export commodities and average growth rate of their exports sorted in descending order. The HS code of each commodity is also tabulated in Table 6 and is sorted according to the average export growth rate.

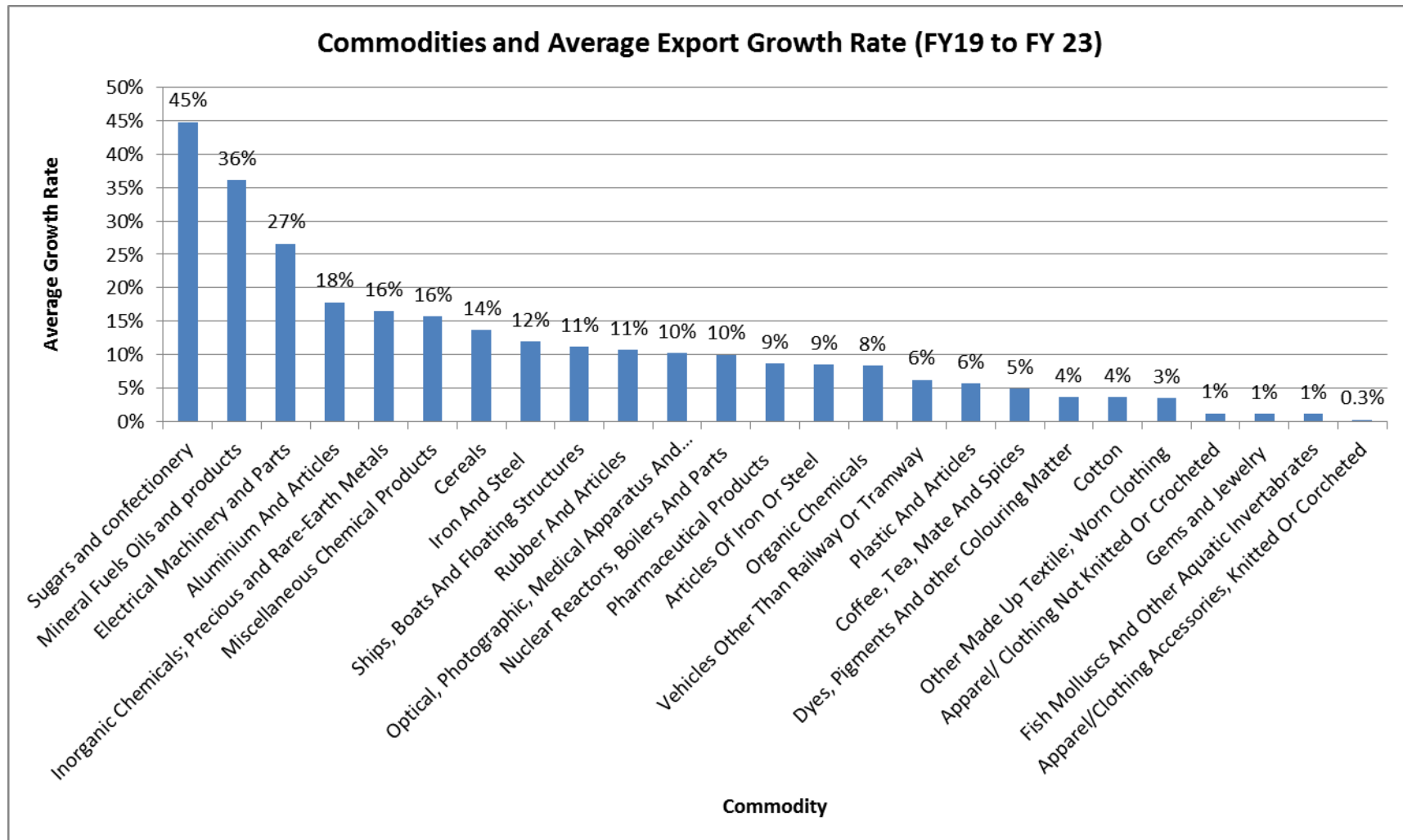
The analysis in Table 6 showcases that India managed an increase its exports quantum in several commodities. Sugar and confectionary (HS Code 17), Mineral fuels and oils (HS Code 27) and electrical machinery and parts (HS Code 85) witnessed a significant growth in exports over the period of FY 2018-19 to FY 2022-23 (Figure 4).

It is a positive indication that Mineral oils and electrical machinery also witnessed an increase in export growth from FY 2018-19 to FY 2022-23, as they are also the top most exported commodities of India in terms of export quantum (together contributing 28.7% to India's overall exports). Increase in their export, hence, can bring a multiplier effect towards India's overall exports. Maintaining and improving the quality of these commodities to meet international standards and customer requirements can give Indian exporters an edge in the global market.

The analysis in Table 6 showcases that some commodities witnessed a positive increase in their export quantum in FY 2022-23 but the growth per cent is lower in comparison to FY 2021-22. These commodities are, however, important as they have witnessed an average export growth rate of more than 10%.

These commodities are Inorganic Chemicals; Precious and Rare-Earth Metals (HS Code 28), Miscellaneous Chemical Products (HS Code 38), cereals (HS Code 10), rubber and articles (HS Code 40) and optical, photographic, medical apparatus (HS Code 90). Participation in international trade fairs, exhibitions, and buyer-seller meets to showcase Indian commodities to a global audience shall further promote Indian export competence in these commodities. More collaboration with trade promotion organizations and industry associations to organize trade missions, buyer-seller meets, and promotional events shall also bolster India's exports of these commodities.

Figure 4: Commodities and their average export growth rate from FY 19 to FY 23



Source: PHD Research Bureau, PHD Chamber of Commerce and Industry, data compiled from Ministry of Commerce and Industry, Government of India



Growth Dynamics of India's Export

Table 6 also tabulates the commodities that have witnessed a positive growth in their export quantum in FY 2022-23 but the overall growth in their export quantum is less than 10%. These commodities are Pharmaceuticals (HS Code 30), Articles of iron or steel (HS Code 73), Vehicles other than railway or tramway (HS Code 87), coffee, tea and spices (HS Code 9) and apparel no knitted (HS Code 62). Despite an initial growth during the pandemic time, export growth in pharmaceuticals and coffee, tea and spices have declined (Table 6).

These are promising commodities which have shown a positive growth in export quantum during the pandemic and post-pandemic times. Streamlining export procedures, developing and upgrading infrastructure related to some commodities, ensuring adequate supply of raw materials and developing a strong OEM and tier 1 supplier network are some strategies that can be applied for enhancing exports in these commodity sectors.

Commodities like organic chemicals (HS Code 29), plastic and articles (HS Code 39), dyes, pigments and colours (HS Code 32), cotton (HS Code 52), knitted apparels (HS Code 62) and gems and jewelry (HS Code 71) witnessed a negative growth in their export quantum suggesting a decline in their exports. Despite showing an increase in exports during the pandemic years, these commodities witnessed a considerable decline in FY 2022-23.

Among these commodities, commodities like gems and jewelry are India's top exported commodities. Hence, efforts towards growth in their exports shall have a multiplier effect on India's overall export quantum. Providing access to affordable export financing options to support commodity exporters, particularly small and medium-sized enterprises (SMEs), assisting their capacity building and their collaboration with export promotion councils, facilitating strong brand building by highlighting their unique qualities, origin, and sustainability aspects shall give these commodities an edge and further lead to enhancing their exports.

It's important for the government, industry associations, exporters, and relevant stakeholders to collaborate and coordinate efforts to implement these strategies effectively. Additionally, continuous monitoring, evaluation, and adaptation of strategies based on changing market dynamics are essential for sustained export growth.

Table 6: India's Top 25 Exported Commodities and change in their exports (FY19 to FY 23) in USD Billion

India's Top 25 Exported Commodities and change in their exports (FY19 to FY 23) in USD Billion													
S. N	HS Code	Commodity	2018-19 (FY19)	Growth %	2019-20 (FY 20)	Growth %	2020-21 (FY 21)	Growth %	2021-22 (FY 22)	Growth %	2022-23 (FY 23)	Growth %	Avg Growth
1	17	Sugars and confectionery	1.63	60%	2.19	35%	3.15	44%	5.09	62%	6.32	24%	45%
2	27	Mineral Fuels and Oils and products	47.92	25%	42.71	-11%	26.91	-37%	69.57	159%	101.17	45%	36%
3	85	Electrical Machinery and Parts	12.73	37%	15.19	19%	14.21	-6%	20.18	42%	28.61	42%	27%
4	76	Aluminium And Articles	5.70	19%	5.09	-11%	5.77	13%	10.61	84%	8.85	-17%	18%
5	28	Inorganic Chemicals; Precious and Rare-Earth Metals	2.01	16%	1.76	-12%	1.66	-6%	2.65	60%	3.31	25%	16%
6	38	Miscellaneous Chemical Products	4.63	19%	5.03	9%	5.12	2%	7.03	37%	7.88	12%	16%
7	10	Cereals	8.16	0%	6.67	-18%	10.10	51%	12.88	28%	13.86	8%	14%
8	72	Iron And Steel	9.74	-13%	9.28	-5%	12.12	31%	22.91	89%	13.40	-42%	12%
9	89	Ships, Boats And Floating Structures	5.70	85%	4.56	-20%	4.49	-2%	3.64	-19%	4.04	11%	11%
10	40	Rubber And Articles	3.21	8%	3.16	-1%	3.25	3%	4.64	42%	4.68	1%	11%

Growth Dynamics of India's Export

India's Top 25 Exported Commodities and change in their exports (FY19 to FY 23) in USD Billion													
S. N	HS Code	Commodity	2018-19 (FY19)	Growth %	2019-20 (FY 20)	Growth %	2020-21 (FY 21)	Growth %	2021-22 (FY 22)	Growth %	2022-23 (FY 23)	Growth %	Avg Growth
11	90	Optical, Photographic, Medical Apparatus And Accessories	3.26	9%	3.37	4%	3.27	-3%	3.98	22%	4.79	20%	10%
12	84	Nuclear Reactors, Boilers And Parts	20.97	17%	20.83	-1%	18.95	-9%	25.41	34%	27.47	8%	10%
13	30	Pharmaceutical Products	14.75	11%	16.29	10%	19.38	19%	19.40	0%	19.86	2%	9%
14	73	Articles Of Iron Or Steel	7.29	7%	7.03	-4%	6.60	-6%	8.84	34%	9.81	11%	9%
15	29	Organic Chemicals	18.24	23%	17.49	-4%	17.95	3%	22.05	23%	21.38	-3%	8%
16	87	Vehicles Other Than Railway Or Tramway	18.10	5%	16.71	-8%	13.64	-18%	19.76	45%	21.22	7%	6%
17	39	Plastic And Articles	8.01	26%	6.92	-14%	6.87	-1%	9.05	32%	7.67	-15%	6%
18	9	Coffee, Tea, Mate And Spices	3.20	-3%	3.30	3%	3.90	18%	3.97	2%	4.15	5%	5%
19	32	Dyes, Pigments And other Colouring Matter	3.31	12%	3.45	4%	3.06	-11%	3.96	29%	3.31	-16%	4%
20	52	Cotton	7.89	12%	5.74	-27%	6.32	10%	10.79	71%	5.66	-48%	4%

Growth Dynamics of India's Export

India's Top 25 Exported Commodities and change in their exports (FY19 to FY 23) in USD Billion													
S. N	HS Code	Commodity	2018-19 (FY19)	Growth %	2019-20 (FY 20)	Growth %	2020-21 (FY 21)	Growth %	2021-22 (FY 22)	Growth %	2022-23 (FY 23)	Growth %	Avg Growth
21	63	Other Made Up Textile; Worn Clothing	5.26	5%	5.01	-5%	5.22	4%	6.76	29%	5.66	-16%	3%
22	62	Apparel/ Clothing Not Knitted Or Crocheted	8.34	-4%	7.99	-4%	5.94	-26%	7.85	32%	8.50	8%	1%
23	71	Gems and Jewelry	40.45	-3%	36.09	-11%	26.16	-27%	39.27	50%	38.11	-3%	1%
24	3	Fish Molluscs And Other Aquatic Invertebrates	6.26	-9%	6.16	-2%	5.24	-15%	6.90	32%	6.82	-1%	1%
25	61	Apparel/Clothing Accessories, Knitted Or Crocheted	7.82	-2%	7.51	-4%	6.35	-16%	8.18	29%	7.70	-6%	0.3%
Average			274.56	14.5%	259.54	-3.0%	235.65	0.6%	355.34	41.8%	384.25	2.6%	
Total			330		313		292		422		451		
India's Total Trade			83.18%		82.83%		80.76%		84.20%		85.21%		
Top 25 as a % of Total Trade													

Source: PHD Research Bureau, PHD Chamber of Commerce and Industry, data compiled from Ministry of Commerce and Industry, Government of India

3.4. Key Takeaways from Analysis on Top 25 Export Destinations and Top 25 Commodities of Exports

Based on the average growth in exports over the years, the export destinations can be classified into four categories namely, high growth (>12%), strong growth (between 6% to 12%), moderate growth (4%-5%) and weak growth (<4%) export destinations. From FY 2019 to FY 2023, most destinations have showcased high average export growth while a few export destinations witnessed a negative growth rate. In future, it is important to sign more export facilitation agreements, develop more trade promotion schemes and build diversified product portfolio for enhancing exports to these destinations.

The top 25 exported commodities are also classified as high growth commodities (>20%), strong growth commodities (between 10% and 20%) and moderate growth commodities (<10%). Most of the commodities have shown have showcased a strong and moderate average export growth rate. It is also noted that the export growth for some commodities has declined in FY 2022-23 as compared to FY 22 and FY 21 which requires export promotion schemes, enhanced branding and developing a manufacturing ecosystem for increasing the export quantum of these commodities.

3.4.1. Analysis of India's Top 25 Export Destinations

Based on the average growth rate, the India's top 25 export destinations can be divided into three categories: those that experienced a growth rate greater than 12%, those with an average growth rate between 6% to 12%, those with an average growth rate between 4% to 5%, and countries that observed a growth rate of less than 4% (Table 7).

The countries that have witnessed an average export growth rate greater than 12% in the last five years include Togo, Netherland, Brazil, Israel, Indonesia, Turkey , Australia, South Africa, Saudi Arabia and Belgium. These countries have emerged as India's growing export partners, as they have showcased remarkable export performance despite the challenging circumstances of the COVID-19 pandemic and the Russia-Ukraine war. They can be referred to as India's emerging growth partners, with whom there is immense potential for a substantial increase in exports. Among these countries, Togo has showcased the maximum improvement and delivered an average growth rate of 73%. Rigorous marketing efforts, organizing B2B meeting with important regional conglomerates, and frequent visits of trade delegations. Strengthening trade relations with these countries is crucial for India to further expand its growth.

Table 7 Export Destinations of India and their categories

Type of Export partner	Average export growth rate	Name of Countries
High growth export destinations	Greater than 12% (>12%)	1) Togo (73%) 2) Netherland (36%) 3) Brazil (28%) 4) Israel (27%) 5) Indonesia (24%) 6) Turkey (22%) 7) Australia (20%) 8) South Africa (19%) 9) Saudi Arabia (16%) 10) Belgium (13%)
Strong growth export destinations	Between 6% to 12%	1) Italy (12%) 2) Korea (12%) 3) U S A (12%) 4) Bangladesh (11%) 5) Thailand (10%) 6) France (10%) 7) U A E (8%) 8) Nepal (6%)
Moderate growth export destinations	Between 4% to 5%	1) Malaysia (5%) 2) China (5%) 3) Singapore (5%) 4) U K (4%) 5) Germany (4%)
Weak growth export destinations	Less than 4% (<4%)	1) Vietnam (-4%) 2) Hong Kong (-7%)

Source: PHD Research Bureau, PHD Chamber of Commerce and Industry, data compiled from Ministry of Commerce and Industry, Government of India

The countries that have observed an average export growth rate between 6% and 12% in the last five years include Italy, Korea, USA, Bangladesh, Thailand, France, UAE and Nepal. These countries have demonstrated noteworthy performance in terms of exports during FY 19 to FY 23, even amidst the global economic slowdown. They can also be regarded as emerging growth partners, presenting a significant potential for a manifold increase in exports. Expanding exports to these countries would consequently contribute to the growth of India's overall exports. Through product diversification and innovation to these nations, identifying and developing value-added products and branding will be useful in enhancing exports.

Growth Dynamics of India's Exports

The countries that achieved an average growth rate between 4% to 5% include Malaysia, China, Singapore, U K and Germany. India experienced reduced export growth with these nations during FY19 to FY23, as well as throughout the global economic slowdown. Deep-dived efforts in the form of more industry-government interactions are required to understand the declining exports to these nations. Additionally, developing effective marketing and promotion strategies can create awareness about Indian products, build brand reputation. These measures can undoubtedly aid India in achieving double-digit export growth with these countries.

Additionally, it is important for India to pay extra attention to Vietnam and Hong Kong, which have demonstrated negative growth in average exports. These are India's weak growth export destinations that have witnessed negative export growth. The export growth to these destinations have witnessed a significant decline during the global economic slowdown characterized by the COVID-19 pandemic and the Russia-Ukraine war. Also, India's exports to these economies have not recovered as compared to India's exports to other destinations. Negotiating and signing favorable trade agreements to reduce trade barriers followed by enhancing ease of doing business with these encourages exporters to expand their operations.

3.4.2. Analysis of India's Top 25 Export Commodities

Based on this average growth rate, the commodities can be divided into four categories: those that experienced a growth rate greater than 10%, those with an average growth rate between 6% and 10%, those with an average growth rate between 4% and 5% and countries that observed a growth rate of less than 4% (Table 8).

Three commodities achieved an average export growth rate of more than 10%. These are sugars and confectionary (HS Code 17), mineral fuels, oils and products (HS Code 27) and electrical machinery and parts (HS Code 85). aluminum and articles (HS Code 76); inorganic chemicals, precious and rare-earth metals (HS Code 28); miscellaneous chemical products (HS Code 38); cereals (HS Code 10), iron and steel (HS Code 72); ships, boats and floating structures (HS Code 89) and rubber and articles (HS Code 40). Sugar and confectionary has appeared as an emerging commodity which has witnessed a constant positive growth rate as against other commodities during the last five years. Developing manufacturing ecosystem for sugar confectionary may help boost its export quantum in future.

Table 8 Export commodities of India and their categories

Type of Export commodity	Average export growth rate	Name of Countries
High growth export commodity	Greater than 10% (>10%)	1) Sugars and confectionery (45%) 2) Mineral Fuels Oils and products (36%) 3) Electrical Machinery and Part (27%)

Growth Dynamics of India's Exports

Type of Export commodity	Average export growth rate	Name of Countries
		4) Aluminum and articles (18%) 5) Inorganic chemicals; precious and rare-earth metals (16%) 6) Miscellaneous chemical product (16%) 7) Cereals (14%) 8) Iron and steel (12%) 9) Ships, boats and floating structure (11%) 10) Rubber and articles (11%)
Strong growth export commodity s	Between 6% to 10%	1) Optical, photographic, medical apparatus and accessories (10%) 2) Nuclear reactors, boilers and parts (10%) 3) Pharmaceutical products (9%) 4) Articles of iron or steel (9%) 5) Organic chemicals (8%) 6) Vehicles other than railway or tramway (6%) 7) Plastic and articles (6%)
Moderate growth export commodities	Between 4% to 5%	1) Coffee, tea, mate and spices (5%) 2) Dyes, pigments and other colouring matter (5%) 3) Cotton (4%)
Weak growth export commodities	Less than 4%	4) Other made up textile; worn clothing (3%) 5) Apparel/ clothing not knitted or crocheted (1%) 6) Gems and jewelry (1%) 7) Fish molluscs and other aquatic invertebrates (1%) 8) Apparel/clothing accessories, knitted or crocheted (0.3%)

Source: PHD Research Bureau, PHD Chamber of Commerce and Industry, data compiled from Ministry of Commerce and Industry, Government of India

The commodities that achieved an average export growth rate between 6% and 10% are; optical, photographic, medical apparatus and accessories (HS Code 90) and nuclear reactors, boilers and parts (HS Code 84), pharmaceutical products (HS Code 30); articles of iron or steel (HS Code 73); organic chemicals (HS Code 29); vehicles other than railway or tramway (HS Code 87); plastic and articles (HS Code 39). These commodities have together contributed 20% to

Growth Dynamics of India's Exports

India's overall exports in FY 2022-23. Participation in international trade fairs, exhibitions, and buyer-seller meets to showcase Indian commodities, more collaboration with trade promotion organizations and industry associations and extension of export promotion schemes for these commodities may be beneficial in boosting their export quantum in coming years.

The commodities that achieved an average export growth rate less than 5% are; coffee, tea, mate and spices (HS Code 09); dyes, pigments and other colouring matter (HS Code 32); cotton (HS Code 52); other made up textile, worn clothing and rags (HS Code 63); apparel/ clothing not knitted or crocheted (HS Code 62); gems and jewelry (HS Code 71); fish molluscs and other aquatic invertebrates (HS Code 03) and apparel/clothing accessories, knitted or crocheted (HS Code 61). These commodities have together contributed 35.4% to India's overall exports in FY 2022-23. Among these commodities, pharmaceutical products, organic chemicals, vehicles other than railways and, gems and jewelry together have contributed 22% to India's overall exports in FY 2022-23.

Even as they contribute immensely to India's overall exports, an average export growth rate less than 5% points towards deceleration in their overall export quantum. Providing access to affordable export financing options to support commodity exporters, particularly small and medium-sized enterprises (SMEs), assisting their capacity building and their collaboration with export promotion councils, facilitating strong brand building by highlighting their unique qualities, origin, and sustainability aspects shall give these commodities an edge and further lead to enhancing their exports. With PLI scheme in action, it is aimed that most of these commodities will get a boost in their manufacturing and export growth. The scheme and its intended outcomes bring hope for increasing the export quantum of these commodities.

4. FTP 2023 to Enhance India's Trade Performance

4.1. About India's New FTP 2023

With an aim to cater to the post-pandemic needs of the Global trade and as an extension to the Foreign Trade Policy 2015-20, India's new Foreign Trade Policy (FTP) 2023 was launched by the Hon'ble Union Minister of Commerce and Industry, Shri Piyush Goyal. In light of the COVID-19 pandemic and the "volatile geo-political scenario till 31.03.2023", the previous Foreign Trade Policy (2015-20) was extended. The new FTP 2023 is an extension to the previous FTP by bringing a shift from an incentive-based approach. It, therefore, creates an enabling ecosystem for exporters, which is a move in line with India's vision of becoming "Atmanirbhar" (self-reliant). The new Foreign Trade Policy 2023 (or the Policy), is a governments' step towards a dynamic, de-centralised and direction-oriented approach that aims to lead India towards its ambitious targets of USD 2 trillion exports by 2030 (merchandise + exports).

The New FTP 2023 aims to remove uncertainties that have earlier overwhelmed India's export ecosystem and create continuity and stability in its trade in future. Given the size of the Indian economy and manufacturing and service sector base, the FTP furthers on to India's potential to grow manifold. Broadly, the FTP lays great emphasis on trade facilitation through technology and digitisation, seeks to promote e-commerce, and aims to facilitate exports through various schemes and measures. While the FTP generally reflects India's ambition to become an export hub and increase its share in global value chains, the FTP's emphasis on e-commerce and 'Local goes Global' also highlights the inclusive approach of the current policy. The new FTP 2023, hence, provides a policy continuity and a responsive framework to situations like the COVID-19 pandemic and the energy crisis following the Russia-Ukraine war.

The Policy also involves continuous feedback from trade and industry to streamline processes and update policy and procedures. It is supposed to be a fresh take on earlier FTPs as previously the changes were being undertaken in a static manner thereby decelerating the growth amidst the emerging situations. In the Policy, subsequent revisions shall be done as and when required and shall not be linked to any date (Ministry of Commerce and Industry, Press Release). Foreign Trade Policy (2023) is, thus, based on continuity of time-tested schemes facilitating exports as well as a document which is nimble and responsive to the requirements of trade. It is based on principles of 'trust' and 'partnership' with exporters to boost India's exports to USD 2 trillion by FY 30. Overall, the FTP's goal to make India a reliable and trusted trading partner, with the vision of increasing the country's share in the global supply chain in exports.

4.2. Key Highlights of FTP 2023 that will Enhance India's Trade Performance

India's new Foreign Trade Policy 2023 aims to achieve the ambitious target of USD 2 trillion by bringing several important alterations. It aims to further the effectiveness of earlier schemes through substantial process re-engineering and technology enablement for facilitating the exporters.

The Policy revamps earlier e-Certification of Origin (CoO) platform to include self-certifications that provides automatic approval wherever feasible. With such a platform, the FTP 2023 envisions instilling trust, transparency and visibility in the value chains. It is one of the growth ingredient of the FTP 2023 along with single window scheme for paperless filing, National Trade Facilitation Action Plan 2023-26, online approvals of applications under automatic route for exporters, reduction in user charges for MSMEs, Ease of Doing Business in order to reduce transaction costs and widening the basket of RODTEP (Remission of Duties and Taxes on Exported Products) that aim to go a long way to reduce the cost of compliances and enhance export volumes (Department of Commerce, 2023).



Growth Dynamics of India's Exports

The policy further allows merchanting activities from India (the one involving shipment of goods from one foreign country to another foreign country without touching Indian ports) if it allows an Indian intermediary (Department of Commerce, 2023). This is a welcome development in the Indian export arena and shall further help in integration of India into the Global Value Chains (GVCs).

India's Foreign Trade Policy 2023 can be categorized into seven major developments in India's import and export arena. It includes first, ease of doing business, reduction in transaction cost and e-initiatives. These include online approvals without physical interface, reduction in user charges for MSMEs, e-certification of origin and paperless filing of Export Obligation Discharge Applications (Department of Commerce, 2023).

The second ingredient of the Policy includes export promotion initiatives in the form of rationalization of recognition of exporters as status holders. It shall enable more exporters to achieve higher status and reduced transaction costs. The second highlight includes acceptance of Rupee payments and development of towns of export excellence (Department of Commerce, 2023).

The third development of FTP 2023 entails making states and districts as partners by decentralizing export promotion, thereby, bringing greater level of awareness and commitment at the district level. It involves preparation of District Export Action Plans (DEAPs) that outlines the action plan to promote identified products and services which shall make states and districts a meaningful stakeholder and active participants in making India an export hub (Department of Commerce, 2023).

The fourth feature focuses on e-commerce exports through necessary enablement of IT systems, special outreach and training activities for small e-commerce exporters, handholding and increase in value limit per consignment for these exporters. The highlight also focuses on facilitation of Dak Niryat for cross border e-commerce and to enable artisans, weavers and MSMEs in land-locked region to reach international markets (Department of Commerce, 2023).

The fifth aspect involves steps to boost manufacturing in capital goods, dairy sector, battery electric vehicles, and apparel and clothing sector. The sixth highlight include special one-time amnesty scheme for default in export obligations. To instill trust, alleviate issues and reducing litigation, a one-time amnesty scheme is introduced to address non-compliance by Advance Authorization (Department of Commerce, 2023).

The last and seventh highlight of the FTP 2023 is the special emphasis on streamlining the SCOMET licensing procedure. SCOMET includes Special Chemicals, Organisms, Materials,

Equipment and Technologies. The policy emphasizes India's SCOMET export control and general authorisations to streamline licensing of these items to make India's exports for these items globally competitive (Department of Commerce, 2023). The focus is to simplify policies to facilitate export of dual-use high end goods/technology such as UAV/Drones, cryogenic tank, chemicals etc.

5. India's Exports and Projections

India's exports from FY 2011 till FY 2023 have observed an average YoY growth of 9% with the last three years (FY 21 to FY 23) showing an average growth rate of 15%. The growth in India's overall exports points towards its robust performance amidst the global economic slowdown.

On the back of dynamic, de-centralised and direction oriented FTP 2023, India's growing exports with its top 25 export destinations with an average export growth rate of more than 20%; India's growing portfolio of export commodities, India's exports are expected to it shall reach the targeted value US \$ 1 Trillion (US \$ 1000 Billion) in 2024-25 and US \$ 2 Trillion (US \$ 2000 Billion) in the further next five years, i.e. by 2029-30.

6. Conclusions

The present study has conducted an analysis on India's trade performance over the years and how India's new Foreign Trade Policy 2023 aims to further enhance this performance. Over the years, India has showcased a robust export performance frequently witnessing a positive YoY growth since FY 2010-11 to FY 2022-23. The growth in India's overall exports, merchandise and services exports is also noted from FY 2021-22 to FY 2022-23 along with the GDP growth of top ten growth oriented destinations. The GDP growth numbers of these ten economies are given in Table 9. The GDP growth of the top ten growth oriented destinations namely Togo, Netherlands, Brazil, Israel, Indonesia, Turkey, Australia, South Africa, Saudi Arabia and Belgium is decelerating in 2023 to 2.3% from 4.8% in 2022 which will have some impact on the overall exports growth in the short term. Though some slowdown is seen in the short-term scenario till September 2023 due to the uncertainties and recessionary headwinds in some advanced economies, exports are expected to pick up significantly from the month of October 2023.

Table 9: Real GDP growth for top 10 growing economies

S.No	Name of the Country	Real GDP Growth (%)			
		2022	2023	2024	2025
1.	Togo	5.4	5.5	5.5	5.5
2.	Netherland	4.5	1	1.2	1.5
3.	Brazil	2.9	0.9	1.5	1.9
4.	Israel	6.4	2.9	3.1	3.4

Growth Dynamics of India's Exports

S.No	Name of the Country	Real GDP Growth (%)			
		2022	2023	2024	2025
5.	Indonesia	5.3	5	5.1	5
6.	Turkey	5.6	2.7	3.6	3
7.	Australia	3.7	1.6	1.7	2.1
8.	South Africa	2	0.1	1.8	1.6
9.	Saudi Arabia	8.7	3.1	3.1	3
10.	Belgium	3.1	0.7	1.1	1.2
Average growth in real GDP		4.8	2.3	2.8	2.8

Source: PHD Research Bureau, PHD Chamber of Commerce and Industry, data compiled from International Monetary Fund (IMF)

Many of India's top ten highly growing export destinations are witnessing an increment in the real GDP growth in coming years which combined with the dynamic policy environment provided by the government along with efforts of the exporters to connect with global value chains will enhance the export volumes in the coming times.

India's top 25 export destinations are analysed to further understand India's export performance from FY 2018-19 to FY 2022-23. India's growth of exports with the top 25 countries is observed to be growing at a strong pace particularly with the top 10 export highly growing export destinations including Togo (73%), the Netherlands (36%), Brazil (28%), Israel (27%), Indonesia (24%), Turkey (22%), Australia (20%), South Africa (19%), Saudi Arabia (16%) and Belgium (13%). These countries have showcased high average growth rate with India even amidst the global economic slowdown. These countries are emerging major growth destinations for India's exports though the volumes have to pick up in the coming times.

Countries like the USA, South Africa, Saudi Arabia, Belgium, Italy and Korea have showcased an average growth rate between 10% and 20%. With this export growth rate, these destinations are high growing and high volume export destinations. Expanding exports to these countries would consequently contribute to the growth of India's overall exports. Through product diversification and innovation, identifying niche markets, developing unique, value-added products and branding will be useful in enhancing its exports to the high volume-high growth export nations.

Countries like the UAE, Nepal, Malaysia, China, Singapore, U K, Germany, Vietnam and Hong Kong have showcased an average growth rate less than 10%. Some of these nations are India's high volume export destinations Deep-dived efforts in the form of more industry-government interactions are required to understand the declining exports to these nations. Additionally, developing effective marketing and promotion strategies can create awareness about Indian products, build brand reputation. These measures can undoubtedly aid India in achieving double-digit export growth with these countries.



Growth Dynamics of India's Exports

India's top 25 commodities of export are analysed to further understand India's export performance from FY 2018-19 to FY 2022-23. India's exports to the top 25 commodities were growing at a strong pace particularly with the top 10 highly growing export commodities during the last five years (FY 2019 to FY 2023) including Sugar and confectionary (43%), Mineral fuel and oils (36%), Electrical machinery and parts (27%), aluminum and articles (18%), inorganic chemicals, precious and rare- earth metals (16%) miscellaneous chemical products (16%), Cereals (14%), iron and steel (12%), ships, boats and floating structures (11%), rubber and articles (11%) and optical, photographic, medical apparatus (10%). The high growth-high volume export commodities have potential to become major growth drivers of India's exports.

Participation in international trade fairs, exhibitions, and buyer-seller meets to showcase Indian commodities, more collaboration with trade promotion organizations and industry associations and extension of export promotion schemes for these commodities may be beneficial in boosting their export quantum in coming years. Together, these high growing-high volume export commodities hold a strong potential to become the growth drivers of India's exports to the destinations countries.

The commodities that achieved an average export growth rate less than 10% are pharmaceutical products (HS Code 30); articles of iron or steel (HS Code 73); organic chemicals (HS Code 29); vehicles other than railway or tramway (HS Code 87); plastic and articles (HS Code 39); coffee, tea, mate and spices (HS Code 09); dyes, pigments and other colouring matter (HS Code 32); cotton (HS Code 52); other made up textile, worn clothing and rags (HS Code 63); apparel/ clothing not knitted or crocheted (HS Code 62); gems and jewelry (HS Code 71); fish molluscs and other aquatic invertebrates (HS Code 03) and apparel/clothing accessories, knitted or crocheted (HS Code 61).

Commodities like gems and jewelry, pharmaceutical products, articles of iron or steel are high volume commodities. It is a matter of concern as the growth in their exports has been declining in the post-pandemic times. Providing access to affordable export financing options to support commodity exporters, particularly small and medium-sized enterprises (SMEs), assisting their capacity building and their collaboration with export promotion councils, facilitating strong brand building by highlighting their unique qualities, origin, and sustainability aspects shall give these commodities an edge and further lead to enhancing their exports.

The growth of services during the last two years at 24% is commendable as our services have shown a great resilience and price competitiveness in the global markets. Services exports' impressive growth despite the global slowdown can be attributed to the greater use of technology across industries during the lockdown which has intensified subsequently. The growth in Artificial Intelligence (AI) and Machine Learning (ML) has increased demand. Hence, it is suggested that firms must embrace technology solutions for making their supply chains



Growth Dynamics of India's Exports

efficient. Further, as India observes an accelerated growth, it shall consequently witness an increase in imports. At these times, services exports will play a vital role in controlling the current account deficit which will help Indian economy to increase forex reserves along with steady capital inflows. The growth of services exports will, hence, become a major growth driver to achieve the ambitious targets of USD 1 trillion by 2024-25 and USD 2 trillion by 2029-30.

With an aim to boost the already robust India's export performance, a dynamic and responsive India's Foreign Trade Policy 2023 was launched in March 2023. The policy aims to meet the emerging trade scenario by taking advantage of India's federal system. As a way-forward, the new FTP 2023 aims to involve wider engagement with states and districts to promote exports from the grassroots to develop each state for India to be able to integrate with the global trade.

The launch of India's new Foreign Trade Policy (FTP) 2023 with its five key elements of Duration, Dynamism, Decentralisation, Direction and Disaster proofing, is aimed at creating an enabling ecosystem for exporters. It shall bolster India's export quantum while considering the size of the Indian economy and its manufacturing and service sector base.

The FTP 2023 aims at collectively increasing India's competitiveness in the global markets by promoting and developing each state to be able to integrate with the global trade which is a move in line with India's vision of becoming "Atmanirbhar" (self-reliant). Overall, ease of doing exports with calibrated reforms by the government will be crucial to achieve the target of USD 2 trillion by 2030.



Growth Dynamics of India's Exports

Project Team

Dr S P Sharma

Chief Economist | DSG

PHD Chamber of Commerce and Industry

Ms Nishtha Agarwal

Research Officer

PHD Chamber of Commerce and Industry

Disclaimer

“Growth Dynamics of India's Exports” is prepared by PHD Research Bureau of PHD Chamber of Commerce and Industry. This publication may not be reproduced, wholly or partly in any material form, or modified, without prior approval from the Chamber.

It may be noted that this publication is for information purposes only. Though due care has been taken to ensure accuracy of information to the best of the PHD Chamber's knowledge and belief, it is strongly recommended that readers should seek specific professional advice before taking any decisions.

Please note that the PHD Chamber of Commerce and Industry does not take any responsibility for outcome of decisions taken as a result of relying on the content of this publication. PHD Chamber of Commerce and Industry shall in no way, be liable for any direct or indirect damages that may arise due to any act or omission on the part of the Reader or User due to any reliance placed or guidance taken from any portion of this publication.

Copyright 2023

PHD Chamber of Commerce and Industry

ALL RIGHTS RESERVED.

No part of this publication including the cover, shall be reproduced, stored in a retrieval system, or transmitted by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of, and acknowledgement of the publisher (PHD Chamber of Commerce and Industry)



Growth Dynamics of India's Exports

PHD Research Bureau

PHD Research Bureau; the research arm of the PHD Chamber of Commerce and Industry was constituted in 2010 with the objective to review the economic situation and policy developments at sub-national, national and international levels and comment on them in order to update the members from time to time, to present suitable memoranda to the government as and when required, to prepare State Profiles and to conduct thematic research studies on various socio-economic and business developments.

The Research Bureau has been instrumental in forecasting various lead economic indicators national and sub-national. Many of its research reports have been widely covered by media and leading newspapers. The Research Bureau has undertaken various policy studies for Government of India and State Governments.

Research Activities	Comments on Economic Developments	Newsletters	Consultancy
• Research Studies	• Global Economic Developments	• Economic Affairs Newsletter (EAC)	• Trade and Investment Facilitation Services (TIFS)
• State Profiles	• India's Economic Developments	• India's Economic Developments	
• Impact Assessments	• States' Economic Developments	• Trade & Investment Facilitation Services (TIFS) Newsletter	
• Thematic Research Reports	• International Developments	• State Development Monitor (SDM)	
• Releases on Economic Developments	• Financial Markets		
	• Foreign exchange market		
	• Developments in International Trade		



Growth Dynamics of India's Exports

Studies Undertaken by PHD Research Bureau

A: Thematic research reports

1. Comparative study on power situation in Northern and Central states of India (September 2011)
2. Economic Analysis of State (October 2011)
3. Growth Prospects of the Indian Economy, Vision 2021 (December 2011)
4. Budget 2012-13: Move Towards Consolidation (March 2012)
5. Emerging Trends in Exchange Rate Volatility (April 2012)
6. The Indian Direct Selling Industry Annual Survey 2010-11 (May 2012)
7. Global Economic Challenges: Implications for India (May 2012)
8. India Agronomics: An Agriculture Economy Update (August 2012)
9. Reforms to Push Growth on High Road (September 2012)
10. The Indian Direct Selling Industry Annual Survey 2011-12: Beating Slowdown (March 2013)
11. Budget 2013-14: Moving on reforms (March 2013)
12. India- Africa Promise Diverse Opportunities (November 2013)
13. India- Africa Promise Diverse Opportunities: Suggestions Report (November 2013)
14. Annual survey of Indian Direct Selling Industry-2012-13 (December 2013)
15. Imperatives for Double Digit Growth (December 2013)
16. Women Safety in Delhi: Issues and Challenges to Employment (March 2014)
17. Emerging Contours in the MSME sector of Uttarakhand (April 2014)
18. Roadmap for New Government (May 2014)
19. Youth Economic
(May 2014)
20. Economy on the Eve of Union Budget 2014-15 (July 2014)
21. Budget 2014-15: Promise of Progress (July 2014)
22. Agronomics 2014: Impact on economic growth and inflation (August 2014)
23. 100 Days of new Government (September 2014)
24. Make in India: Bolstering Manufacturing Sector (October 2014)
25. The Indian Direct Selling Industry Annual Survey 2013-14 (November 2014)
26. Participated in a survey to audit SEZs in India with CAG Office of India (November 2014)
27. Role of MSMEs in Make in India with reference to Ease of Doing Business in Ghaziabad
(Nov 2014)
28. Exploring Prospects for Make in India and Made in India: A Study (January 2015)
29. SEZs in India: Criss-Cross Concerns (February 2015)
30. Socio-Economic Impact of Check Dams in Sikar District of Rajasthan (February 2015)
31. India - USA Economic Relations (February 2015)
32. Economy on the Eve of Union Budget 2015-16 (February 2015)
33. Budget Analysis (2015-16)
34. Druzhba-Dosti: India's Trade Opportunities with Russia (April 2015)
35. Impact of Labour Reforms on Industry in Rajasthan: A survey study (July 2015)
36. Progress of Make in India (September 2015)
37. Grown Diamonds, A Sunrise Industry in India: Prospects for Economic Growth
(November 2015)
38. Annual survey of Indian Direct Selling Industry 2014-15 (December 2015)
39. India's Foreign Trade Policy Environment Past, Present and Future (December 2015)
40. Revisiting the emerging economic powers as drivers in promoting global economic growth (February 2016)
41. Bolstering MSMEs for Make in India with special focus on CSR (March 2016)
42. BREXIT impact on Indian Economy (July 2016)
43. India's Exports Outlook (August 2016)
44. Ease of Doing Business : Suggestive Measures for States (October 2016)



Growth Dynamics of India's Exports

45. Transforming India through Make in India, Skill India and Digital India (November 2016)
46. Impact of Demonetization on Economy, Businesses and People (January 2017)
47. Economy on the eve of Budget 2017-18 (January 2017)
48. Union Budget 2017-18: A budget for all-inclusive development (January 2017)
49. Annual Survey of Indian Direct Selling Industry 2015-16 (February 2017)
50. Worklife Balance and Health Concerns of Women: A Survey (March 2017)
51. Special Economic Zones: Performance, Problems and Opportunities (April 2017)
52. Feasibility Study (socio-Economic Survey) of Ambala and Rohtak Districts in Haryana (March 2017)
53. Goods and Services (GST): So far (July 2017)
54. Reshaping India-Africa Trade: Dynamics and Export Potentiality of Indian Products in Africa (July 2017)
55. Industry Perspective on Bitcoins (July 2017)
56. Senior Housing: A sunrise sector in India (August 2017)
57. Current state of the economy (October 2017)
58. Equitable finance to fulfill funding requirements of Indian Economy (October 2017)
59. The Wall of Protectionism: : Rise and Rise of Protectionist Policies in the Global Arena, (November 2017)
60. India-Israel Relations: Building Bridges of Dynamic Trade(October 2017)
61. Role of Trade Infrastructure for Export Scheme (TIES) in Improving Export Competitiveness (November 2017)
62. India - China Trade Relationship: The Trade Giants of Past, Present and Future (January 2018)
63. Analysis of Trade Pattern between India and ASEAN(January 2018)
64. Union Budget 2018-19 – (February 2018)
65. Ease of Doing Work for Women: A survey of Delhi NCR (February 2018)
66. Restraining Wilful Defaults: Need of the hour for Indian Banking System (March 2018)
67. Impact of GST on Business, Industry and Exporters (April 2018)
68. India – Sri Lanka Bilateral Relations: Reinforcing trade and investment prospects (May 2018)
69. Growth Prospects of the Indian Economy: Road to US \$5 Trillion Economy(May 2018)
70. India's Free Trade Agreements Dynamics and Diagnostics of Trade Prospects(May 2018)
71. India – UK Trade Relations and Societal Links: Way Forward (June 2018)
72. Rural Economy: Road to US \$5 Trillion Economy(September 2018)
73. Indian Economy on the Eve of Union Budget 2019-20 (Interim): Steady...strong...fastest moving economy (January 2019)
74. Interim Budget 2019-2020: A Dynamic, Inclusive & Pragmatic Budget (February 2019)
75. Women Entrepreneurship: Transforming from Domestic Households to Financial Independence (March 2019)
76. Prospects for Exports from India: Five Pronged Strategy to Achieve USD700 Billion Merchandise Exports by 2025 (March 2019)
77. India Towards Shared Prosperity: Economic Agenda for the Next five Years (March 2019)
78. Job Creation: A Pan India Survey of Households (March 2019)
79. India Inc. Speaks Live: Wish List for the Next Five Years (May 2019)
80. Suggestive Roadmap for Revitalizing Economic Growth (June 2019)
81. Indian Economy on the Eve of Union Budget 2019-20 (July 2019)
82. Union Budget 2019-20: Road to US\$ 5 trillion economy (July 2019)
83. Ease of Doing Business for MSMEs (September 2019)
84. Report Emerging contours in the defence and homeland security
85. Framework of University-Industry Linkages in Research DSIR
86. India's Trade and Investment opportunities with ASEAN Economies (November 2019)
87. Indian Economy on the Eve of Union Budget 2020-21 (February 2020)
88. Union Budget 2020-21: Aspirational, Caring and Developmental Budget (February 2020)
89. Macroeconomic Indicators and Pandemic COVID-19 Stimulus provided by Select Economies (April 2020)



Growth Dynamics of India's Exports

90. Analysis on Relief Measures -Salaries wages by pandemic COVID-19 impacted countries (April 2020)
91. Report on impact of Pandemic COVID-19 by PHDCCI (April 2020)
92. Tax relief measures provided by Pandemic COVID-19 impacted Countries (April 2020)
93. Impact of Pandemic COVID-19 : PHD Chamber's detailed representation on short term and long term measures submitted to the Government (April 2020)
94. Mitigating the Impact of Pandemic COVID-19 on Trade & Industry: PHDCCI Representations to Government of India and State Governments (April 2020)
95. Compendium of various relief measures provided by the States to mitigate the impact of pandemic COVID-19 (April 2020)
96. Calibrated Approach to Exit from Lockdown (April 2020)
97. Compendium on Relief Measures provided by the Govt. under Direct & Indirect Taxes to mitigate the impact of pandemic COVID (April 2020)
98. Relief Measures provided by Ministry of Finance, Ministry of Commerce & others (April 2020)
99. Relief measures provided by various countries to mitigate the daunting impact of pandemic COVID-19 on economy, trade and industry
100. Analysis of COVID at International and Sub-national Level- Speed of Spread, Mortality and Recovery.
101. Supplement of Recent Notifications by the Central Government, State Governments and Tax Authorities to Mitigate the Impact of Pandemic COVID-19
102. PHDCCI COVID-19 Updates
103. PHDCCI Quick Survey on Post Lockdown Business Scenario May 29th 2020
104. Impact of GST on Economy and Businesses (Aug 2020)
105. India's Imports from China: Strategy for Domestic Capacity Building (Sept 2020)
106. PHDCCI Economic and Business Momentum (EBM) Index (October 2020)
107. The Future of Expanding India-USA Bilateral Relations: Strengthening bilateral ties through FTA (November 2020)
108. New Year Economics – Growth Story Continues (January 2021)
109. PHDCCI Economy GPS Index (January 2021)
110. PHD Chamber Analysis on the Union Budget 2021-22 (February 2021)
111. Analysis of State Budgets FY2021-2022 (April 2021)
112. Impact of Coronavirus 2.0 on Economy and Businesses (May 2021)
113. Achieving a higher export growth trajectory 75 potential products and 75 focused markets (September 2021)
114. PHDCCI Analysis of Union Budget 2022-23 (February 2022)
115. Economy to resume normal growth curve in 2022-23 (April 2022)
116. Ease of Doing Business for MSMEs in India: Percolation EODB Reforms at the Factory Level (May 2022)
117. Prospects and Potential for Enhancing Exports and Reducing Imports of India (May 2022)
118. Pre and Post COVID Economic Dynamics of Leading Economies (June 2022)
119. PHDCCI Inflation Trends (June 2022)
120. India is an attractive destination for Green Hydrogen (August 2022)
121. Impact of Monetary Tightening on Inflation (November 2022)
122. India's Export Outlook (December 2022)
123. Mapping of 75 products among the States (December 2022)
124. India: A Growth Leader in G20 Nations (December 2022)
125. PHDCCI-India's Exports Outlook (IEO)-A Survey of Exporters' order books (January 2023)
126. India-UAE FTA. Unleashing Export Potential (January 23)
127. PHD Chamber Analysis of Union Budget 2023-24-(February 2023)
128. Post Pandemic Recovered and Unrecovered Economies (April 2023)
129. Effectiveness of policy rates of top ten leading economies (May 2023)
130. India consistently resilient in the global economy (May 2023)



Growth Dynamics of India's Exports

B: State profiles

131. Rajasthan: The State Profile (April 2011)
132. Uttarakhand: The State Profile (June 2011)
133. Punjab: The State Profile (November 2011)
134. J&K: The State Profile (December 2011)
135. Uttar Pradesh: The State Profile (December 2011)
136. Bihar: The State Profile (June 2012)
137. Himachal Pradesh: The State Profile (June 2012)
138. Madhya Pradesh: The State Profile (August 2012)
139. Resurgent Bihar (April 2013)
140. Life ahead for Uttarakhand (August 2013)
141. Punjab: The State Profile (February 2014)
142. Haryana: Bolstering Industrialization (May 2015)
143. Progressive Uttar Pradesh: Building Uttar Pradesh of Tomorrow (August 2015),
144. Suggestions for Progressive Uttar Pradesh (August 2015)
145. State profile of Telangana- The dynamic state of India (April 2016)
146. Smart Infrastructure Summit 2016- Transforming Uttar Pradesh (August 2016)
147. Smart Infrastructure Summit 2016-Transforming Uttar Pradesh : Suggestions for the State Government (August 2016)
148. Rising Jharkhand: An Emerging Investment Hub (February 2017)
149. Punjab: Roadmap for the New Government Suggestions for the Industrial and Socio-Economic Development – Focus MSMEs ease of doing business (May 2017)
150. Prospering Himachal Pradesh: A Mountain of Opportunities (August 2017)
151. Kashmir: The way forward (February 2018)
152. Analysis of State Budgets for 2018-19: Select States (March 2018)
153. Rising Uttar Pradesh One District One Product Summit (August 2018)
154. Rajasthan: Steady Strides into the Future- Emerging Growth Dynamics and the Way Forward (September 2018)
155. Rising Jharkhand: Economic Profile (January 2019)
156. Rising Jharkhand: Skill Development to Spur Socio-Economic Growth (January 2019)
157. Progressive Haryana: Economic Profile (February 2019)
158. Progressive Haryana: The Agricultural Hub of India (February 2019)
159. Progressive Haryana Steady Growth Strides into the Future (June 2020)
160. Progressive Haryana Steady Growth Strides into the Future (June 2020)
161. States' Policy Conclave 2021: Role of States (December 2021)
162. Analysis of States' Budget 2022-23 (April 2022)



PHD CHAMBER
OF COMMERCE AND INDUSTRY

PHD RESEARCH BUREAU

PHD CHAMBER OF COMMERCE AND INDUSTRY

PHD House 4/2 Siri Institutional Area, August Kranti Marg, New Delhi 110016

Phone: 91-11-49545454 | Fax: 91-11-26855450, 26863135

Email: research@phdcci.in | Website: www.phdcci.in

