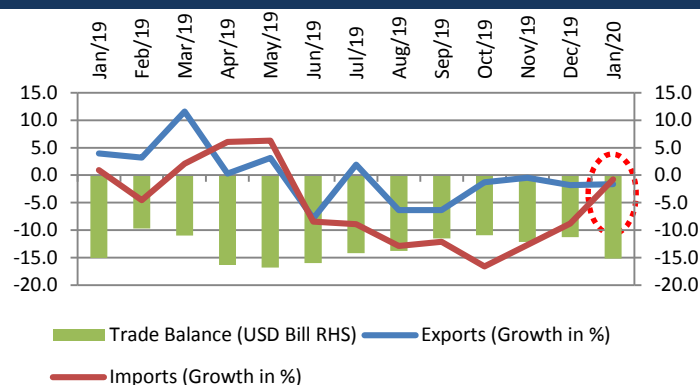


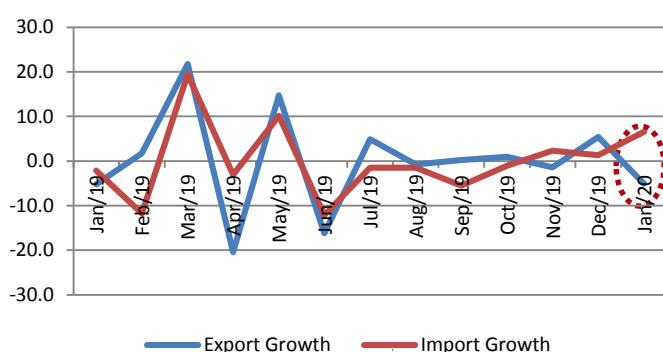
India's exports decline for sixth consecutive month in Jan 2020

- ❖ Total merchandise exports declined by 1.7 percent YoY in January 2020 – posting sixth consecutive month of fall in exports. In terms of value, merchandise exports stood at USD 25.9 billion in January 2020. Petroleum products exports noted a turnaround after falling for eight consecutive months and increased by 2.9 percent in January 2020. Non-POL exports, on the other hand, registered (-) 2.3 percent growth in January 2020 as compared to (-) 1.4 percent growth in the previous month.
- ❖ Total merchandise imports for the month of January 2020 amounted to USD 41.1 billion, declining by 0.8 percent from USD 41.5 billion imports in January 2019. Oil imports posted a 15.3 percent growth (vis-à-vis (-)0.8 percent growth in December 2019); while non-oil imports declined by 6.7 percent in January 2020 (vis-à-vis (-)11.6 percent growth in December 2019).
- ❖ India's trade deficit increased to USD 15.2 billion in January 2020, from USD 11.3 billion deficit in December 2019 and USD 15.0 billion deficit in January 2019.

Trend in India's Merchandise Trade – Y-o-Y



Trend in India's Merchandise Trade – M-o-M



Month	Exports (growth in %)		Imports (Growth in %)	
	Petroleum	Non-petroleum	Crude oil and petroleum	Non-crude oil and petroleum
Jan-19	-19.1	8.2	-3.5	2.7
Dec-19	-4.3	-1.4	-0.8	-11.6
Jan-20	2.9	-2.3	15.3	-6.7
Apr- Jan 2018-19	29.6	6.1	37.4	5.7
Apr- Jan 2019-20	-7.6	-1.0	-9.4	-7.8

Trade in Major Commodities (Non-Oil)

Export: Major Commodities				Import: Major Commodities			
Exports (Growth – in %)	Share in Total Exports	Apr-Jan 2019	Apr-Jan 2018	Imports (Growth – in %)	Share in Total imports	Apr-Jan 2019	Apr-Jan 2018
Engineering Goods	24.9	-2.2	11.2	Electronic Goods	11.9	-2.7	6.0
Gems & Jewellery	11.6	-6.9	-3.7	Gold & Silver	6.8	-11.0	-1.6
Inorganic/organic/agro chemicals	7.1	2.6	101.7	Coal coke & Briquettes	4.8	-14.0	19.3
Drugs, pharmaceuticals & fine chemicals	6.6	12.0	10.1	Transport Equipment	3.6	-31.9	33.8
Readymade Garments	4.9	0.2	-6.6	Iron & Steel	3.4	-8.4	67.8

Source: Economic Outlook CMIE

Economy Fact Sheet – Foreign Trade

February 2020

Major Destinations

Export: Major Destinations

Exports (Growth – in %)	Share in Total Exports	Apr-Dec 2019	Apr-Dec 2018
America	22.2	3.4	10.4
Europe	20.5	-1.5	10.1
Asia	46.3	-5.5	9.1
Africa	9.2	4.8	12.1

Import: Major Destinations

Imports (Growth – in %)	Share in Total imports	Apr-Dec 2019	Apr-Dec 2018
Asia	60.0	-6.9	19.9
Europe	16.8	-9.7	9.3
America	12.8	-6.7	19.0
Africa	8.0	-7.5	13.1

Source: Economic Outlook CMIE
January 2020 data yet to be updated

Insight from Economic Survey 2019-20

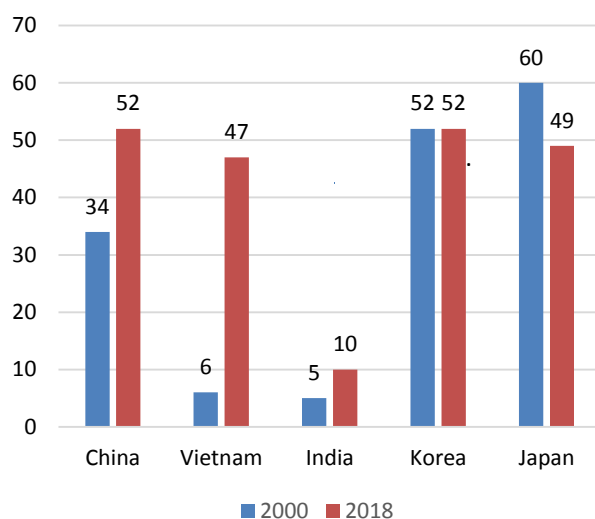
Creating Jobs and Growth by Specializing in Exports of Network Products

- Growth in exports provides a much needed pathway for job creation and furthering growth in India.
- The current international environment presents India with an unprecedented opportunity to chart a China-like, labour-intensive, export trajectory and thereby create unparalleled job opportunities for our burgeoning youth.
- By integrating “Assemble in India for the world” into Make in India, India can create 4 crore well-paid jobs by 2025 and 8 crore by 2030.
- Exports of network products, expected to equal \$7 trillion worldwide in 2025, can contribute a quarter of the increase in value-added for the \$5 trillion economy by 2025.

Moreover according to the Survey:

- There exists a significant unexploited export potential in India’s traditional unskilled labour-intensive industries such as textiles, clothing, footwear and toys.
- India has huge potential to emerge as a major hub for final assembly in a range of products, referred to as “network products” (NP). The GVCs in these industries are controlled by leading MNEs such as Apple, Samsung, Sony etc. within “producer driven” networks.

Percentage Share of Networked Products in National Exports (in%)



Share of NP in India’s merchandise export basket is very low

Source: Economic Survey 2019-20

FICCI Comments

Global trade flows have slowed down considerably on back of persisting trade tensions between US & China and other geopolitical concerns. Although, an initial trade deal between the two countries was signed earlier this year, trade prospects appear all the more challenging especially post the outbreak of coronavirus epidemic. The global trade growth forecast for 2020 was put at 2.7 percent by WTO in October last year and this might be revised downwards given a further slowdown is expected in China. India, of course, will not remain unaffected by these events and the export outlook remains under strain. The month-on-month growth in exports had reported an uptick in December 2019. However there was a (-)5.1 percent m-o-m decline in exports in January 2020.

Economy Fact Sheet – Foreign Trade

February 2020

Nonetheless, the recent developments on global front provide a good opportunity for India to increase its share in world trade. Dr Krishnamurthy Subramanian, Chief Economic Advisor, Ministry of Finance, Government of India recently said that although it is hard to say how the coronavirus outbreak will manifest in terms of India's trade relations with China but it provides a good opportunity to India to expand trade and follow an export-driven model.

Giving a push to exports remains one of the key mandates for the current government. In fact, in September last year a slew of measures were announced to incentivise exports. These included a new scheme for Remission of Duties or Taxes on Export Product (RoDTEP), fully automated electronic refund module for Input Tax Credits (ITC) in GST, provision for an additional funding of Rs 36,000 crores to Rs 68,000 crore as export credit under priority sector and organising of annual mega shopping festivals for promoting exports of gems & jewellery, handicrafts, textiles, leather, yoga and tourism. While these are all welcome steps, we still look forward to the details of the Remission of Duties or Taxes on Export Product (RoDTEP) scheme. FICCI feels that while it is understood that the Merchandise Exports from India Scheme (MEIS) has been declared to be non-compliant by a WTO Panel and that the RoDTEP scheme is supposed to replace MEIS, government may extend the MEIS Scheme at least till 31st March 2020 or till such time RoDTEP comes into effect.

Also, India is already engaged deeply in global trading regime through several FTAs. However, there have been concerns expressed in recent years regarding negative impact of FTAs on Indian industry. We feel that utilization of several FTAs by Indian industry is not much - one because we do not have FTAs with our traditional markets and secondly because of the numerous Non-tariff barriers on our exports. Hence, negotiations have to be driven by the overall balance of interests with the specific trading partner(s).

FICCI is of the view that our engagement in FTAs and PTAs should be on our own terms and only if it provides greater market access to Indian companies. Further, our strengths in services sectors should be leveraged and access for Indian service sector players should be built into any FTA / PTA negotiations.