



ANALYZING THE IMPACT OF TARIFF POLICIES ON INDIA'S IMPORT-EXPORT TRADE: A FINANCIAL PERSPECTIVE

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ABSTRACT:

The objective of this study is to examine the financial consequences of tariff policy on India's import-export trade. Tariffs have a substantial impact on the dynamics of global commerce by influencing the price of imported and exported commodities. India, as a prominent global economy engaged in significant import-export activities, is impacted by diverse tariff regulations that shape its trading connections with other nations. This study utilizes financial analytic methodologies to investigate the effects of tariff rate fluctuations on the profitability, competitiveness, and overall financial performance of Indian importers and exporters. This study aims to gain insights into the correlation between tariff policies and the financial consequences of India's import-export trade by examining historical tariff data and financial indicators of important sectors. The results of this study are anticipated to enhance comprehension of the economic impacts of tariff policies and provide guidance to policymakers, entrepreneurs, and stakeholders on how to effectively negotiate the intricacies of international commerce among changing tariff systems..

Keywords: *Tariff policies Import-export trade Financial analysis India Economic consequences.*

INTRODUCTION:

Since the country's independence in 1947, India's economic journey has been distinguished by a complex interaction of domestic policies and global forces. Trade has played a vital role in creating India's development trajectory, and this interplay has been a driving factor behind India's economic growth. Trade policies in India have seen substantial adjustments throughout the course of its history, beginning with the age of import substitution industrialization and continuing through the eras of liberalization and globalization. These changes are a reflection of India's developing economic objectives and ambitions.

A comprehensive investigation of the myriad ways in which commerce contributes to the growth of India's economy is the objective of this project. The purpose of this study is to give a complete knowledge of the ways in which commerce has shaped India's growth story, both historically and in the present day. Through the examination of several aspects of trade, such as its influence on economic growth, industrialization, employment, poverty alleviation, and sustainability, the purpose of this study is to shed light on the intricate dynamics that are at play within India's trading ecosystem.

An overview of India's economic environment and the role of commerce in the country's development plan is provided in the introduction, which serves to set the tone for the rest of the writing. In addition, it provides an overview of the structure and scope of the paper, focusing on the primary topics and analytical frameworks that will be discussed in the coming parts. A better grasp of the role that trade plays in India's economic growth is becoming increasingly

important as the country continues to negotiate the intricacies of a global economy that is undergoing fast change. By conducting an in-depth analysis of historical patterns, contemporary difficulties, and potential future developments, the purpose of this study is to make a contribution to the ongoing discussion on India's economic trajectory and the role that trade plays within it.

OBJECTIVES OF THE STUDY

1. To study of the patterns of India's exports and imports should be conducted..
2. To The exports and imports of the top ten commodities in India for the years 2019-20 and 2020-21 are being evaluated.

METHODOLOGY

It is essential to have a research approach that can analyze the growth and effect of commerce in India, both in terms of imports and exports, in order to provide conclusions that are accurate and meaningful. In order to do this, a methodical strategy that encompasses a variety of research approaches and procedures is required. The first step is to do a comprehensive literature study in order to collect the information that is already available on the topic. Secondary statistics on India's exports and imports are serving as the foundation for this analysis. In India, the Annual Reports of the Department of Commerce were consulted in order to obtain the necessary data. Journals and websites that have been published served as sources for the literature. During the course of the research, a period of ten years was considered (2012-2013 to 2021-22). Using the software programs Microsoft Excel and SPSS, secondary data were subjected to qualitative analysis and made available in the form of tables and charts. The data were analyzed using a variety of methods, including t test analysis, descriptive statistics analysis, and graph analysis. Researchers are able to make major contributions to policymakers and industry leaders by adopting such a comprehensive research technique. This allows for informed decision-making in the direction of achieving sustainable economic growth in India through commerce in imports and exports.

OVERVIEW OF IMPORTS AND EXPORTS TRADE IN INDIA

Prior to digging into the effects of the COVID-19 problem, it is important to first have an understanding of the fundamentals of India's commerce in both imports and exports.

i) Historical Trends

In the course of its long and illustrious history, India has been involved in international commerce. Through the course of its history, the nation has developed into a significant participant in the international economy, both as an importer and as an exporter. Having a better understanding of the historical patterns will give us with a more comprehensive context in which to evaluate the effects of the crisis.

ii) Key Trading Partners

Strong commercial ties have been established between India and a great number of nations all over the world. The nation has a large network of commercial partners, ranging from countries that are directly next to it to continents that are quite far away. In this section, we shall investigate the nations that are significant contributors to India's commerce in both imports and exports.

iii) Sector-wise Analysis

When it comes to India's overall imports and exports, many industries each contribute in their own unique way. We are able to acquire insights into the individual industries that have a big influence on India's trade environment by doing an analysis of the data that is distributed according to sector.

IMPACT OF COVID-19 CRISIS ON INDIA'S IMPORT TRADE

Asia's economies have been thrown into disarray as a result of the COVID-19 issue, and India is not an exception. Examining the precise implications on India's import trade is the focus of this section.

i) Disruption in Supply Chains

The interruption in supply networks is one of the most apparent effects that the crisis has had. As a result of the imposition of mobility restrictions and lockdowns, the process of importing commodities has grown increasingly difficult. We will investigate the ways in which this interruption has impacted the availability of commodities that are classified as essential and non-essential.

ii) Changes in Import Patterns

As a result of the crisis, both consumers and companies have been compelled to rethink their own preferences and objectives. The patterns of imports have undergone significant shifts as a direct consequence of this. We will investigate the changes in demand as well as the items that have seen an increase or decrease in the number of imports.

iii) Economic Consequences

India's economy has been significantly impacted as a result of the interruptions that have occurred in the import sector. Several elements of the economy have been harmed as a result of the crisis, including an increase in prices and a decrease in consumer spending. The particular economic repercussions and the ramifications of those repercussions will be analyzed by us.

IMPACT OF COVID-19 CRISIS ON INDIA'S EXPORT TRADE

Since the beginning of the COVID-19 conflict, India's export trade has also been confronted with substantial difficulties. We will investigate the precise effects that this has had on India's export sector.

Decline in Export Demand

The demand for exports has decreased as a result of the overall economic slowdown that the world is currently facing. The decrease in demand for Indian exports will be evaluated, along with the implications that it has had on a variety of businesses.

Disruptions in Export Channels

Businesses are finding it more challenging to distribute their products to overseas markets as a result of the crisis, which has caused disruptions in the export routes. The difficulties that exporters encounter and the solutions that have been implemented to address those difficulties will be discussed.

Impact on Key Export Sectors

A number of industries in India are highly dependent on international commerce. In this section, we will investigate the ways in which these important export industries have been affected by the crisis, as well as the techniques that they have utilized in order to work through these difficult times. For this reason, we invite you to take a cup of tea and accompany us on this fascinating journey as we investigate the influence that the COVID-19 situation has had on the commerce of India's imports and exports.

GOVERNMENT POLICIES AND INITIATIVES TO MITIGATE THE IMPACT

i) Financial Stimulus Packages

During the COVID-19 crisis, the Indian government, along with a great number of other governments throughout the world, is aware of the necessity of receiving financial assistance. Through the implementation of significant stimulus packages, they have attempted to lessen the impact on trade in both the import and export sectors. Businesses that have been impacted by the crisis are eligible to receive financial help through these packages. This assistance includes support for sustaining supply chains, paying employees, and dealing with vital expenditures. Despite the difficulties that are now being faced, the objective is to lessen the strain and ensure that the wheels of commerce continue to revolve.

ii) Trade Facilitation Measures

Taking into account the fact that effective trade facilitation is essential for economic recovery, the government of India has undertaken a number of different steps to simplify the procedures involved in importing and exporting goods. Among these are the reduction of paperwork that is not essential, the simplification of customs procedures, and the acceleration of the processing

of products at ports. Streamlining the flow of commerce and eliminating disruptions and delays can be accomplished by lowering the number of bureaucratic barriers.

iii) Support for Exporters and Importers

Additionally, the government has provided assistance that is aimed primarily at firms that export and import goods. This involves providing exporters with financial help in the form of subsidies and tax incentives in order to encourage them to ensure that their operations are maintained. Additional measures, such as flexible payment terms and extended deadlines, have been made available to importers in order to alleviate the financial hardship that they are experiencing. In order to ensure that companies are able to continue to be active participants in the global economy, these efforts intend to give a lifeline to firms.

CHALLENGES AND OPPORTUNITIES FOR IMPORTS AND EXPORTS TRADE IN INDIA DURING THE CRISIS

i) Supply Chain Resilience

The disruption of global supply chains is one of the acute issues that the commerce industry is facing as a result of the political and economic crises. Movement restrictions and trade barriers have had a significant influence on the flow of products, which has been severely disrupted. Nevertheless, this crisis has brought to light the significance of constructing supply networks that are flexible and robust. Businesses have the ability to reduce the likelihood of future disruptions and improve the resilience of their supply chains by diversifying the places from which they source their materials, investigating local alternatives, and investing in appropriate technologies.

ii) Diversification of Trade Partners

The crisis has brought to light the dangers of placing a significant amount of reliance on a small number of trading partners. Because various nations are experiencing varying degrees of effect and recovery, diversifying trade partners is becoming increasingly important. In order to lessen its reliance on a single market, India has the ability to investigate new markets and enhance partnerships previously established. Not only does this reduce the likelihood of adverse outcomes, but it also creates potential for the formation of new commercial partnerships, which may be advantageous for all parties concerned.

iii) Shifting Global Trade Dynamics

There has been a dramatic shift in the dynamics of global commerce as a result of COVID-19. An opportunity exists for India to establish itself as a trustworthy trading partner at a time when nations are reevaluating their priorities and working to lessen their reliance on a single supplier. India has the potential to attract firms who are thinking about diversifying their supply chains if it places an emphasis on its assets, which include trained labor, competitive price, and quality goods. The ability to adjust to these altering dynamics might open up new doors for business alliances and opportunities for expansion.

DATA ANALYSIS AND INTERPRETATION

Table 1 An analysis of the expansion of the merchandise trade in India, including both exports and imports

Year	Exports	Growth (%)	Imports	Growth (%)	Trade Balance
2012-13	300.40	-1.82	490.74	0.29	-190.34
2013-14	314.41	4.66	450.20	-8.26	-135.79
2014-15	310.34	-1.29	448.03	-0.48	-137.69
2015-16	262.29	-15.48	381.01	-14.96	-118.72
2016-17	275.85	5.17	384.36	0.88	-108.50
2017-18	303.53	10.03	465.58	21.13	-162.05
2018-19	330.08	8.75	514.08	10.42	-184.00
2019-20	313.36	-5.06	474.71	-7.66	-161.35
2020-21	291.81	-6.88	394.44	-16.91	-102.63
2021-22	422.00	44.62	613.05	55.43	-191.05

Mean	312.41	4.27	461.62	3.99	-149.21
SD	43.24	16.17	69.93	21.36	33.39
CV	13.84	378.57	15.15	535.61	-22.38
Skewness	1.95	1.83	0.96	1.74	0.04
Kurtosis	5.19	4.71	1.43	3.47	-1.56
CAGR	0.04	-2.43	0.03	0.79	0.0004

Source: DGCI&S, QE stands for Quick Estimates

According to the findings presented in Table 1, the following are the mean ranges for the merchandise trade in India study to 2012-2021-22: the growth rate for exports (312.41) is 4.27, the growth rate for imports (461.62) is 3.99, and the trade balance (-149.21) is the mean range. The standard deviation (SD) is a good process, and the CV is a result for a negative value because the import is higher than. This is a good central value since the difference between the two is positive. A highly skewed distribution is indicated by a skewness value that falls between -1 and more than 1, the reason why the skewness value is considered to be positive. It is possible to have a normal distribution if the Kurtosis value falls between the range of 0 to 3. That is an example of a normal distribution... According to the compound annual growth rate (CAGR), the growth of exports during the past ten years has been negative, while the growth of imports has been positive and is close to 79% for goods trade in India.

Table 2 The development of India's services trade in terms of both exports and imports (Values in US\$ Billions)

Year	Exports	Growth (%)	Imports	Growth (%)	Trade Balance
2012-13	145.68	2.36	80.76	3.24	64.91
2013-14	151.81	4.21	78.75	-2.5	73.07
2014-15	158.11	4.15	81.58	3.59	76.53
2015-16	154.31	-2.4	84.63	3.75	69.68
2016-17	164.2	6.41	95.85	13.25	68.34
2017-18	195.09	18.81	117.53	22.61	77.56
2018-19	208	6.62	126.06	7.26	81.94
2019-20	213.19	2.5	128.27	1.75	84.92
2020-21	206.09	-3.33	117.52	-8.38	88.57
2021-22	254.53	23.5	147.01	25.09	107.52
Mean	185.10	6.28	105.80	6.97	79.30
SD	35.67	8.56	24.45	10.54	12.43
CV	19.27	136.28	23.11	151.37	15.67
Skewness	0.68	1.19	0.31	0.63	1.30
Kurtosis	-0.35	0.83	-1.39	-0.21	2.15
CAGR	0.06	0.29	0.07	0.26	0.06

Source: RBI database and RBI Press Releases, P stands for provisional

Table 2 provides an analysis of the trade in services in India, focusing on exports (185.10) with a growth percentage of 6.28, imports (105.80) with a growth percentage of 6.97 to the mean value range, and a trade balance of 79.30. The standard deviation (SD) range is a good procedure, and the combined value (CV) is a result for a positive value since the export is higher than. This is why this central value is considered to be excellent. If the skewness value is more than one or equal to one, then the distribution is well skewed. This is why the skewness value is considered to be positive. It is possible to have a normal distribution if the Kurtosis value falls between the range of 0 to 3. Despite the fact that both imports and exports are doing poorly, the trade balance is 2.15. This is what we mean by "normal distribution." Generally speaking, the compound average growth rate is considered to be positive.

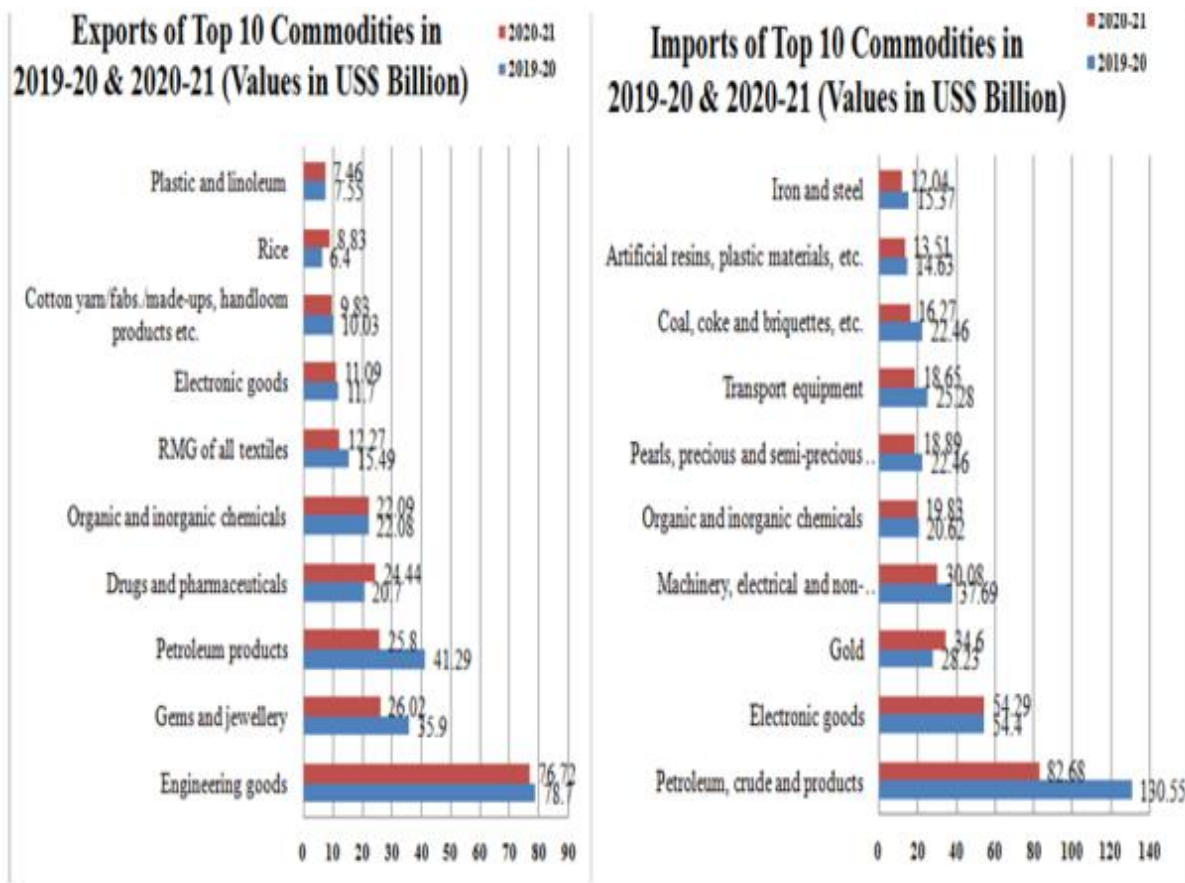


Chart 1 India's exports and imports of the top ten commodities in the world

Chart 1: Graphs in the form of bars depicting India's top ten commodity exports and imports Between the years 2020-21 and 2019-20, India's top 10 commodity exports ranged from 7.46% to 76.72%, while the country's top 10 commodity imports ranged from 7.55% to 78.70 percent. The range of India's imports of the top 10 commodities was from 12.04% to 82.68, while the range of its imports of the top 10 commodities was from 15.37% to 130.55.

Table 3 Export Top 10 Commodities for 2019-20 and 2020-21 in India: An Analysis of One-Sample Statistics and Sample Test Outcomes

Export Top 10 Commodities in India	N	Mean	Std. Deviation	Std. Error Mean	df	P-value
2019-20	10	24.9840	22.20303	7.02122	9	0.006
2020-21	10	22.4550	20.48154	6.47683	9	0.007

According to the data presented in Table 3, the t-test for the top 10 commodities exported from India in the years 2019-20 and 2020-21 is 3.558, and the p-values for these years are 0.006 and 0.05, respectively. When it comes to the years 2019-20, the associated t-value is 3.468, and the related p-value for the years 2020-21 is 0.007. The statistical package known as SPSS defines a t-test with a p value as a deviation from zero that is statistically significant. As a result, researchers have the ability to reject the null hypothesis that both groups have equal means with a confidence level of 95%.

Table 4 An Examination of the Top 10 Commodities Imported into India for the Years 2019-20 and 2020-21, Based on One-Sample Statistics and Sample Test

Import Top 10 Commodities in India	N	Mean	Std. Deviation	Std. Error Mean	df	P-value
2019-20	10	37.1690	34.84605	11.01929	9	0.008
2020-21	10	30.0840	22.42261	7.09065	9	0.002

Analysis of the top 10 commodities that India imports for the years 2019-20 and 2020-21 is shown in Table 4, which can be found here. In order to offer an explanation for the difference between the t-test and zero, SPSS provides the t-value as the p-value. Regarding the years 2019-20, the t-value is 3.373, and the p-value for the years 2020-21 is 0.002. With regard to the year 2020-21, the relevant t-value in the applicable table is 4.243, and the p-value that is linked with it is 0.002. Because the p-value is less than 0.05, the null hypothesis that both groups have equal means is rejected with a confidence level of 95% thanks to this finding.

RECOMMENDATIONS FOR POLICY MAKERS

The following proposals should be taken into consideration by policymakers in order to successfully navigate through this crisis and achieve a robust recovery:

1. The provision of financial stimulus packages and support to firms that have been impacted by the crisis should be maintained.
2. Make further efforts to simplify trade facilitation measures in order to reduce the number of bureaucratic obstacles and guarantee that commerce flows smoothly.
3. Invest in infrastructure, technology, and the development of local manufacturing skills in order to encourage domestic production.
4. Continue to actively seek and diversify export markets, with a particular emphasis on developing nations that are experiencing rising demand.
5. Adopt a digital transformation strategy in order to improve the competitiveness and efficiency of international trade procedures.

By putting these ideas into action, India will be able to revitalize and enhance its commerce in both imports and exports, therefore placing itself as a versatile participant in the international market.

CONCLUSION:

As this article has shown, trade has been an important factor in India's economic growth, innovation, and integration into the global economy. As a result of adaptation efforts in response to changing internal and global dynamics, India's trade policies and tactics have evolved through time, moving from protectionism to liberalization. Greater economic development, industrialization, and technical improvement have all been aided by trade, which has been pivotal in India's economic transition. Increased competitiveness and export diversification have resulted from India's export-oriented growth strategy, which has been in place since the early 1990s. This approach has allowed the country to capitalise on its comparative advantages in many industries. In addition, trade has made it easier for information and technology to spread, which has increased innovation and productivity in many parts of the economy. In order to strengthen its economic capacities and competitiveness, India has opened up to global markets. This has allowed the country to attract international investment, get access to new technology, and become a part of global value chains. Nevertheless, there have been obstacles along India's trading route. To yet, trade's capacity to spur development has been hampered by issues such as persistent trade deficits, insufficient infrastructure, regulatory hurdles, and geopolitical concerns. There are worries about social equality and inclusive growth due to the unequal distribution of trade advantages. The future of trade as a tool for equitable and sustainable development presents both possibilities and threats for India. India must embrace digitization, improve its infrastructure, encourage innovation, and invest in its human resources if it wants to be more competitive on the global stage. To make sure that trade helps everyone, we need proactive trade policies that strike a balance between economic goals and social and environmental concerns. Finally, there is a complicated interaction between regional dynamics, global trends, and local policy that shapes the role of trade in India's economic development. India can position itself as a prominent role in the global economy by utilizing trade to its full potential while also resolving its issues.

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