

Composition of trade

6.28 Export growth in 2003-04 continued to be broad based, notwithstanding some deceleration in export growth of primary commodities and marginally of manufacturing goods (Table 6.9). The major contributor to this increase was the manufacturing sector in general, and engineering goods (mainly machinery and instruments, transport equipment, iron and steel, non-ferrous metals, manufacture of metals and electronic goods), chemical and related products (mainly drugs, pharmaceuticals and fine chemicals, dyes/

intermediates and coar tar chemicals and plastics and linoleum), leather and manufactures (mainly leather goods and footwear) and gems and jewellery in particular. While exports of engineering goods grew on the back of rising demand from countries in East Asia and China, improvement in off-take and recovery in major markets like US and Europe aided a pick up in exports of gems and jewellery. Under textiles, while exports of manmade yarn, fabrics and made ups increased, those of cotton yarn and fabrics were stagnant. Higher international prices

Table 6.9 : Commodity composition of exports, April-October 2004-05

Commodity Group	Percentage share				Growth rate*			
	April -March		April-October		April-March		April-October	
	2002-03	2003-04	2003-04	2004-05	2002-03	2003-04	2003-04	2004-05
I. Primary products	16.6	15.5	14.2	14.1	22.0	13.3	-1.7	27.9
Agriculture & allied	12.8	11.8	11.0	9.5	14.1	11.9	0.6	10.9
Ores & minerals	3.8	3.7	3.2	4.7	58.7	18.2	-8.9	86.1
II. Manufactured Goods	76.6	76.0	77.4	73.7	21.1	20.0	10.9	22.1
Textiles incl. RMG	21.1	19.0	19.0	16.3	14.9	9.4	-1.8	10.1
Gems & jewellery	17.2	16.6	18.5	17.5	23.9	16.8	11.8	21.7
Engineering goods	17.2	19.4	19.0	20.1	30.4	36.7	28.6	35.9
Chemicals & related prdt	14.2	14.8	14.6	14.2	23.6	26.3	15.5	24.1
Leather & manufactures	3.5	3.4	3.5	3.0	-3.2	17.0	2.9	12.0
III. Petroleum, crude & prdts.	4.9	5.6	5.9	8.6	22.0	38.1	36.4	87.8
IV. Others	1.9	2.9	2.6	3.5	-15.3	89.1	51.0	75.3
Total Exports (I+II+III+IV)	100.0	100.0	100.0	100.0	20.3	21.1	10.9	28.1

Source: DGCI&S, Kolkata

* In US dollar terms

provided impetus to exports of metals and mineral ores. Reflecting the maturing of domestic refining capacity, exports of petroleum products rose sharply. An important feature of export performance in 2003-04 was the turnaround in plantation exports after continuous decline since 2000-01. In agriculture, while exports of traditional items such as marine products, cashew nuts, spices and cereals like rice declined, those of non-traditional items like wheat, fruits and vegetables, meat and meat preparations continued to rise in 2003-04.

6.29 Export performance in April-October 2004 displays all-round acceleration in growth across all major commodity-groups. Acceleration in exports of primary products was underpinned by remarkable growth in exports of agriculture and allied commodities like oilmeals, cereals (mainly basmati rice and cereals other than rice and wheat), tobacco, spices, nuts and seeds, poultry and dairy products and meat and meat preparations. Rising global demand and prices were responsible for higher exports of iron ore. To make grain trade competitive, a WTO-compatible grain assistance scheme to facilitate procurement of grains by traders from the market directly for exports has been proposed. Given a bumper cotton crop in the

current cotton year, a similar export assistance scheme is proposed for cotton in the current year. Manufactured goods consolidated their export performance in 2004-05 with substantial contributions from exports of engineering goods, chemical and related products, gems and jewellery and textiles including readymade garments. Engineering goods exports were buoyed up by exports of technology-intensive items (like transport equipment, machinery and instruments, electronic goods and iron and steel) with demand picking up in non-traditional markets like Latin America and Africa. Increase in textile exports was mainly driven by readymade garments. Exports of petroleum products increased sharply in April-October 2004, with higher international prices of refined products. Important exceptions to this broad-based growth were observed in the decline in exports of handicrafts, marine products, sugar and molasses and coffee.

6.30 The rise in imports in 2003-04 was also broad based, excepting the fuel group where POL imports witnessed some deceleration. The growth in imports was contributed by robust increases in imports of food and allied products (mainly edible oils), capital goods, raw materials and manufactured intermediate and consumer goods. The pick up in domestic

industrial activity fuelled a surge in imports of several intermediate manufactures and raw materials such as iron and steel, non-ferrous metals, chemical materials and products, artificial resins and plastic materials and metalliferous ores and metal scraps. The spurt in gold and silver imports was mainly due to a revival in rural demand on the back of the rebound in agricultural output. Import of capital goods, which had accelerated in 2002-03, surged in 2003-04 by 40.3 per cent, buoyed by imports of transport equipment, machinery, machine tools and manufacture of metals (Table 6.10). Higher imports of edible oils, due to lower domestic production, and cashew nuts mainly contributed to an acceleration in imports of agriculture and allied products. However, import of project goods, which reflect technological maturity and industrial capabilities of a country, continued to decline for the fifth successive year. After three years of declines, fertilizers imports witnessed a turnaround in 2003-04 with a rise in demand,

6.31 With strong import demand for capital goods, raw materials and intermediate goods, consistent with the sharp pick up in domestic industrial production, imports continue to surge in 2004-05. Imports of agriculture and allied products, however, have declined in the first seven months of 2004-05, mainly on account of lower imports of edible oils and pulses induced by higher domestic production in the preceding agricultural year. With higher international crude oil prices, fuel imports account for around 47 per cent of the increase in imports in April-October 2004. Besides, demand for imported coal, used essentially in steel manufacture, was also high. Along with fuel, higher imports of gold and silver, electronics, capital goods, pearls, precious and semi precious stones and chemicals, accounted for around 81 per cent of the incremental rise in imports during April-October 2004. Firming up of international prices buoyed up imports of steel and metal scrap, an important raw material for steel.

Table 6.10 : Imports of principal commodities, April-October 2004-05

Commodity	Percentage Share				Growth Rate*			
	April-March		April-October		April-March		April-October	
	2002-03	2003-04	2003-04	2004-05	2002-03	2003-04	2003-04	2004-05
1. POL	28.7	26.3	26.4	30.4	26.0	16.6	7.8	56.8
2. Pearl, precious & semi precious stones	9.9	9.1	8.6	8.0	31.2	17.6	1.2	26.0
3. Capital goods	12.1	13.3	11.2	10.0	25.9	40.3	30.5	21.1
4. Electronic goods	9.1	9.6	9.6	9.3	48.1	34.0	39.4	32.4
5. Gold & silver	7.0	8.8	9.6	8.7	-6.4	59.9	74.9	22.8
6. Chemicals **	6.9	7.4	7.4	7.2	8.7	34.9	29.2	31.1
7. Edible oils	3.0	3.3	4.0	2.5	33.8	40.1	76.5	-15.0
8. Coke, coal & briquettes	2.0	1.8	2.0	2.8	8.4	13.7	23.7	94.9
9. Metalliferous ores & metal scrap	1.7	1.7	1.8	2.2	-9.3	24.9	13.2	69.3
10. Professional instruments & optical goods	1.8	1.6	1.6	1.4	8.8	8.6	4.8	14.4
11. Others	17.8	17.1	17.8	17.5	10.0	26.8	16.2	34.3
Total Imports	100.0	100.0	100.0	100.0	19.4	27.3	22.0	36.1
*In US Dollar terms	** Organic and Inorganic chemicals							