

Trade Composition

6.28 The composition of exports shows a perceptible shift in this decade from light manufactures to heavy manufactures and petroleum crude and products (Table 6.9). The share of textiles and ready-made garments (RMG) has fallen dramatically by 11.1 percentage points in 2006-07 over 2000-01 followed by gems and jewellery, leather and leather manufactures and handicrafts. Share of engineering goods and petro products has increased by 7.6 percentage points and 10.7 percentage points, respectively. The share of primary products has declined somewhat with the decline in share of exports from agricultural and allied sector being partly offset by a rise in the share of ores and minerals by 2.8 percentage points. The share of chemicals, including petrochemicals, has increased marginally. The share of petroleum crude and products has risen further to 18 per cent in the first half of 2007-08 from 15 per cent in 2006-07. Engineering goods' share also maintained a rising trend in 2007-08.

6.29 Export growth in 2006-07 was driven mainly by petroleum products with 59.3 per cent growth and engineering goods with 38.1 per cent growth. The perceptible increase in the share of petroleum products in total exports reflected not only the rise in POL prices but also India's enhanced refining capacity. The rising share of engineering goods reflected India's revival of heavy manufactures. Induced by strong international

demand and higher prices, exports of ores and minerals, after growing at a compound annual growth rate (CAGR) of 50 per cent in the first half of this decade, moderated to 12.6 per cent in 2006-07.

6.30 The composition of imports showed much less change than that of exports (Table 6.10). POL continues to be the single major item of import with its share stabilizing at the 30-31 per cent level. The share of capital goods imports shows the sharpest rise of about 4.9 percentage points in 2006-07 over 2000-01 due to a 3.7 percentage point rise in the share of transport equipment and 1.6 percentage point rise in the share of non-electrical machinery (excluding machine tools). It has, however, plateaued at 13 per cent in the first half of 2007-08. The greatest decline is in the import share of pearls and precious and semi-precious stones, reflecting the fall in export share of gems and jewellery. Imports of gold and silver have been at around 8 per cent though it has increased to 10 per cent in the first half of 2007-08. Share of electronic goods imports has increased to 9 per cent, while food and allied imports show a marginal fall in share due to the fall in the share of edible oils, though import of cereals has shot up in 2006-07 from a negligible level. With the rise in crude oil prices, growth in POL imports continued to be high in 2006-07 though it moderated in the first half of this fiscal.

Table 6.9 Commodity composition of exports

Commodity group	Share (per cent)					CAGR 2000-01 to 2004-05	Growth rate (per cent) ^a			
	2000-01	2005-06	2006-07	April-Sep. 2006-07 2007-08			2005-06	2006-07	April-Sep. 2006-07 2007-08	
	I. Primary products	16.0	15.4	15.1	13.5	13.4	16.9	18.9	19.8	18.5
Agriculture & allied	14.0	10.2	10.3	9.5	9.3	9.0	19.8	23.5	24.7	15.1
Ores & minerals	2.0	5.2	4.8	4.0	4.1	49.9	17.4	12.6	6.0	20.6
II. Manufactured goods	78.8	72.0	68.6	68.4	67.4	15.3	19.6	16.9	18.1	15.9
Textile incl. RMG	23.6	14.5	12.5	12.9	11.1	4.3	20.4	5.7	33.5	1.2
Gems & jewellery	16.6	15.1	12.6	12.7	13.0	16.8	12.8	2.9	-0.6	20.4
Engineering goods	15.7	20.7	23.3	22.8	23.5	25.4	23.4	38.1	48.1	21.2
Chemical & related products	10.4	11.6	11.2	11.1	10.4	21.7	17.3	19.1	28.4	10.2
Leather & leather manufactures	4.4	2.6	2.4	2.4	2.3	5.5	11.1	12.1	7.7	12.7
Handicrafts (Incl. carpet handmade)	2.8	1.2	1.1	1.1	0.8	-5.3	30.3	4.1	5.2	-14.5
III. Petroleum, crude & products (including coal)	4.3	11.5	15.0	16.5	17.9	38.7	66.2	59.3	106.2	27.6
Total exports	100.0	100.0	100.0	100.0	100.0	17.0	23.4	22.6	27.3	17.6

Source: DGCI&S and own calculations.

^a Growth rate in US dollar terms.

Table 6.10 Commodity composition of imports

Commodity Group	Share (per cent)					CAGR 2000-01 to 2004-05	Growth rate (per cent) ^a			
	April-September						April-September			
	2000-01	2005-06	2006-07	2006-07	2007-08		2005-06	2006-07	2006-07	2007-08
Food & allied products	3.3	2.5	2.9	2.3	2.2	24.3	-4.7	42.4	-5.8	26.6
1. Cereals	0.0	0.0	0.7	0.1	0.1	16.1	36.8	3589.6	803.8	-55.5
2. Pulses	0.2	0.4	0.5	0.3	0.5	38.0	41.3	53.8	9.6	92.8
3. Edible oils	2.6	1.4	1.1	1.2	1.2	17.2	-17.9	4.2	-11.8	32.9
Fuel (of which)	33.5	32.1	33.2	36.3	33.6	18.5	44.8	29.0	39.8	18.0
4. POL	31.3	29.5	30.8	33.8	31.0	17.5	47.3	30.0	41.2	16.9
Fertilizers	1.3	1.3	1.6	1.7	1.9	17.2	59.4	52.4	54.4	48.2
Capital goods (of which)	10.5	15.8	15.4	13.1	13.2	28.9	62.5	21.8	44.3	28.3
5. Machinery except electrical & machine tool	5.9	7.4	7.5	8.1	8.2	26.2	49.0	24.9	39.5	28.3
6. Electrical machinery	1.0	1.0	1.1	1.1	1.1	25.6	25.9	30.3	37.9	28.6
7. Transport equipment	1.4	5.9	5.1	2.1	2.5	57.7	104.2	6.8	55.7	51.2
Others (of which)	46.3	43.7	43.8	37.8	40.4	23.5	21.1	24.6	-2.8	36.4
8. Chemicals	5.9	5.7	5.2	5.6	5.2	23.6	23.2	14.1	13.2	19.8
9. Pearls, precious & semi precious stones	9.6	6.1	4.0	4.1	4.2	18.3	-3.1	-18.0	-32.8	30.6
10. Gold & silver	9.3	7.6	7.9	7.7	10.3	24.5	1.5	29.4	-3.1	71.0
11. Electronic goods	7.0	8.9	8.6	9.0	8.9	29.9	32.5	20.6	34.0	26.2
Grand total	100.0	100.0	100.0	100.0	100.0	22.2	33.8	24.5	23.5	27.7

Source: Calculated on the basis of data from DGCI&S, Kolkata.

^a Growth rate in US dollar.

The high growth in capital goods imports was contributed by both electrical and non-electrical machinery, reflecting higher domestic investment, resurgence of manufacturing, and rising needs of the export sector. There was also substantial growth in import of industrial inputs like iron and

steel and transport equipment (in the first half of 2007-08) to support the high growth in the manufacturing sector. With a surge in domestic demand both for exports and consumption, import growth of gold and silver was buoyant in both 2006-07 and the first half of 2007-08.