

Composition of trade

6.27 Export growth in 2002-03 was broad based, with both commodity groups and manufacturing goods posting strong growth (Table 6.9). The major contributor to this increase was the manufacturing sector, accounting for around three-quarters of the incremental growth in exports. Major traditional exports like textiles (including garments), gems & jewelry, engineering goods (especially iron & steel, non-ferrous metals, transport equipment and project goods), chemicals and related products and handicrafts contributed bulk of such increase in manufactured goods exports. Other important features of the export performance in 2002-03 included acceleration in exports of primary products, a turnaround in exports of agriculture and allied products and manufactured goods, a surge in exports of ores & minerals and continued robust growth in exports of petroleum products. Important exceptions to this broad-based growth, included exports of plantation sector, oil meals, poultry & dairy products and leather and manufactures, which registered declines during the year.

6.28 In spite of a drought, exports of agriculture & allied commodities recorded a sharp turnaround, contributed mainly by enhanced exports of cereals (mainly non-

basmati rice), marine products, spices, tobacco, cashew nuts, processed foods, meat & meat preparations and floriculture products. Given lower unit price realizations, the declining trend in exports of plantation sector (tea, coffee) continued, with the sector recording a further decline of 6.9 per cent in 2002-03. The surge in exports of ores & minerals was contributed mainly by expansion in exports of iron ore (which more than doubled) and processed minerals, while rising domestic refining capacity enabled continued robust growth in exports of petroleum products. Export growth performance in 2003-04 (April-February 2003-04) was underpinned by strong growth in engineering goods (buoyed up by exports of iron & steel, machinery, non-ferrous metals, transport equipment and electronic goods), petroleum products, chemical and related products, gems and jewelry, oil meals and processed foods. While exports of engineering goods grew on the back of rising demand from countries in East Asia and China, increased refining capacity and domestic production contributed to higher exports of petroleum products. Exports of leather and manufactures also witnessed a turnaround in 2003-04 after two years of declining growth trend. However, the slowdown in overall export growth during this period was contributed by a deceleration

Table 6.9 : Commodity composition of exports, April-February 2003-04

Commodity Group	Percentage Share			Growth Rate*		
	April-February			April-February		
	2002-03	2002-03	2003-04	2002-03	2002-03	2003-04
I. Primary products	16.6	16.7	15.2	22.0	22.1	7.2
Agriculture & allied	12.8	12.9	11.7	14.1	13.9	7.1
Ores & minerals	3.8	3.8	3.5	58.7	61.0	7.8
II. Manufactured Goods	76.6	76.7	75.8	21.0	19.9	16.8
Textiles incl. RMG	21.1	21.0	19.0	14.9	12.0	7.0
Gems & jewelry	17.2	17.1	16.7	23.9	26.3	14.8
Engineering goods	17.1	17.1	19.4	29.8	27.9	34.7
Chemicals & related products	14.2	14.3	14.6	23.6	23.0	20.6
Leather & manufactures	3.5	3.6	3.3	-3.2	-3.7	7.2
III. Petroleum, crude & products	4.9	4.7	5.8	22.0	15.9	44.6
IV. Others	2.0	1.8	3.2	-11.8	-20.5	107.5
Total Exports (I+II+III+IV)	100.0	100.0	100.0	20.3	19.0	18.2
* In US Dollar terms						

in exports of both primary products and manufactured goods, contributed by slowdown/decline in major exports like textiles (including readymade garments), handicrafts, iron ore, cereals, marine products and cashew nuts. The decline in foodgrain exports was mainly due to policy change in prices, decline in stocks and infrastructural bottlenecks like non-availability of railway wagons.

6.29 The rise in imports in 2002-03 was also broad based, reflecting higher oil prices and oil imports and a pick up in domestic industrial activity. This growth was contributed by robust increases in imports of food & allied products (mainly edible oils), capital goods, raw materials and intermediate and consumer goods. Around 85 per cent of the increase in imports in absolute terms during the year was accounted for by higher imports of POL, electronic goods, pearl, precious and semi precious stones, capital goods and edible oils. A significant aspect of the import performance was the acceleration in imports of capital goods after the recovery in these imports in the preceding year. Imports of capital goods accelerated from 6.3 per cent in 2001-02 to 25.9 per cent in 2002-03, led by import of transport equipment, machinery and manufacture of metals. Such acceleration in imports, coupled with production trends in capital goods sector in 2002-03, point to some recovery in investment in the economy during the year. However, import of project goods, which reflect technological maturity and industrial capabilities of a country, continued to decline for the fourth successive year.

6.30 Imports of raw material and other intermediate imports also witnessed substantial growth in 2002-03, mainly on account of higher imports of items like electronics goods, chemicals, iron & steel, medicinal & pharmaceutical products, artificial resins, plastic material and computer software in physical form. The increase in imports of food and allied products (by 22.2 per cent) was contributed mainly by higher imports of edible oils and cashew nuts. Imports of gold & silver, fertilizers, newsprint, metaliferous ores & metal scrap, leather, wood & wood products and raw cotton, however, recorded significant declines during the year. Imports continued to surge in the 2003-04, powered by strong import demand for capital goods, raw materials and intermediates goods, reinforcing the positive outlook for the domestic economy as a whole and manufacturing sector in particular. Overall, around 82 per cent of the incremental imports in absolute terms during this period were accounted for by higher imports of gold and silver, POL, electronic goods, capital goods, chemicals, pearls, precious stones & semi precious stones and edible oils (Table 6.10). While the increase in gold & silver imports was primarily due to the hardening of international prices, higher imports of edible oils could be attributed to lower domestic production following the drought in 2002-03. Given the rise in demand, fertilizers imports have witnessed a turnaround in 2003-04 after three years of declining trend. The robust growth in capital goods imports, along with a buoyant growth in domestic capital goods production mainly reflects a revival of investment demand.

Table 6.10 : Imports of principal commodities, April-February 2003-04

Commodity Group	Percentage Share			Growth Rate*		
	April-February			April-February		
	2002-03	2002-03	2003-04	2002-03	2002-03	2003-04
1. POL	28.7	29.0	26.7	26.0	25.5	15.7
2. Pearl, precious & semi precious stones	9.9	10.2	9.4	31.2	34.0	15.9
3. Capital goods	12.1	11.1	12.0	25.9	27.6	35.7
4. Electronic goods	9.1	9.1	9.7	48.0	46.5	33.7
5. Gold & silver	7.0	6.8	8.7	-6.4	-6.4	61.9
6. Chemicals **	6.9	7.0	7.5	8.7	8.2	33.9
7. Edible oils	3.0	2.9	3.4	33.8	27.0	46.8
8. Coke, coal & briquettes	2.0	2.1	1.8	8.4	7.1	12.3
9. Metalifers ores & metal scrap	1.7	1.7	1.6	-9.3	-10.8	17.2
10. Professional instruments & optical goods	1.8	1.9	1.6	8.8	8.7	7.2
11. Others	17.8	18.1	15.8	-11.8	4.0	21.8
Total Imports	100.0	100.0	100.0	19.4	18.1	25.8
*In US Dollar terms		** Organic and Inorganic chemicals				