

GTRI Brief-16-02-2023

India's exports rise in both value, volume terms in 2022

India's merchandise exports crossed US\$453.3 billion in Calendar Year 2022, registering a healthy growth of 14.6% over the previous year. How much of this growth comes from an increase in physical quantities of Goods shipped? What is the role of high commodity prices and exchange rates?

The GTRI study has looked into these parameters. The study found that products where exports increased to cover a value of 315.9 billion (69.8% of total merchandise exports). But, Products whose export quantities increased over the previous year represent 285.6 billion (63.0% of total exports).

GTRI compared the value and quantities of products exported in CY 2021 and CY 2022 at the tariff line level.

To understand the product level changes, team GTRI studied Unit value level changes for products exported in CY 2021 and CY 2022 at the tariff line level.

The results group India's export products into four categories:

Value Growth	Unit value change	US\$bn	%	Category
Positive	Increase	251	55.3	A
Positive	Decrease	64.9	14.3	B
Negative	Increase	80.4	17.8	C
Negative	Decrease	56.5	12.5	D
Total Merchandise exports		453.3	100	

Category A Products-Both exports and unit price of products grew. The value of Category A products exports in CY 2022 was US\$251 billion. They represent 55.3% of total Merchandise exports. Major products in this category are Petroleum products, including diesel, gasoline Naphtha, etc. representing an export value of US\$94 billion. The unit price rose between 50-115% in one year. The high unit prices may be primarily due to the high prices of crude oil. Sugar saw a unit value increase of 15%, with exports of over US\$5 billion. Basmati rice saw a unit value increase of 18%, with exports of over US\$4.5 billion. Basmati rice saw a unit value increase of 13.5%, with exports of over US\$2.1 billion. Basmati rice saw a unit value increase of 23.5%, with exports of over US\$1.0 billion.

Category B Products -exports grew, but the unit price of products declined. The value of Category B products exports in CY 2022 was US\$64.9 billion. They represent 14.3% of total Merchandise exports. Major products in this category are: Gold jewelry and similar products with an export value of about US\$9 billion saw lower unit value realization. The decline in unit value ranged from 2% for gold jewelry, 9% for silver jewelry, and 55% for platinum jewelry. Hot rolled steel products with exports of US\$769 million in CY 2022 saw a decline of 26.2% in unit value realization. The Trend represents competitive Indian products in challenging global markets.

Category C Products -exports declined, but the unit price of products grew. The value of Category C products exports in CY 2022 was US\$80.4 billion. They represent 17.8% of total Merchandise exports. Major products in this category are: Cut and Polished diamonds, with an export value of US\$23 billion saw a rise of 16% in unit value realization. Benzene and Xylene, with an export value of US\$2.6 billion, saw an increase of 13% in unit value realization. Indian Cotton, with an export value of US\$1.1 billion, saw a rise of 39% in unit value realization. High input cost in such products translates into high unit prices.

Category D Products –Both exports and unit prices of products declined. The value of Category D products exports in CY 2022 was US\$56.5 billion. They represent 12.5% of total Merchandise exports. Major products in this category are Medicine, with an export value of about US\$7.6 billion, which saw a 20% lower unit value realization. Shrimps, with an export value of approximately US\$4.1 billion, saw a 2% lower unit value realization. Iron Ore pellets with an export value of about US\$1.2 billion saw about 42% lower unit value realization. This category represents products where India’s exports have been traditionally strong but now feeling regulatory heat in a few countries(Shrimp) or low global demand (Iron Ore).

Impact of the exchange rate. INR/US\$ exchange rate appreciated by 6.1% between June 2021 and June 2022. This broadly explains the macro picture of why products where exports increased to cover a value of 69.8% of total merchandise exports, but products whose export quantities increased merely represent 63.0% of total exports. While individual product level story is different, at the macro level, INR/US\$ rate explains the differences well.

Detailed Table

Criteria	Export value					
	Total		UV Increase		UV Decrease	
	US\$bn	%	US\$bn	%	US\$bn	%
Positive Value growth	315.9	69.8	251.0	55.3	64.9	14.3
Negative Value growth	137.0	30.2	80.4	17.8	56.5	12.5
Total	452.9	100.0	331.4	73.1	121.4	26.8
Positive Q growth	285.6	63.0	191.6	42.3	93.9	20.7
Negative Q growth	167.4	36.9	139.8	30.9	27.5	6.1
Total	453.0	99.9	331.4	73.2	121.4	26.8