

IMPACT OF COVID UPON INTERNATIONAL TRADE - EVIDENCES FROM INDIAN ECONOMY

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ABSTRACT

The waves of pandemic have affected major economies of world in a devastating manner which hit the core of trade at its hardest. The new mix up in the economies have given rise to both opportunities and challenges that each economy have to deal with prudence. As described by Baldwin and di Mauro (2020) in their compilation of 14 briefs on the macroeconomic implications of COVID-19, all most all economies including china who holds majority of share in manufacturing exports are affected by the pandemic. The effects of the pandemic are huge in countries where the economies are extremely vulnerable to market forces. And this makes India more prone to the impacts of covid-19. Though the pandemic has affected every sectors, its impediments in the way of trade are worth analyzing.

Keywords: *Pandemic, Macroeconomic, Covid-19, International Trade, Export-Import.*

Introduction

The export import data can explicitly depict the ups and downs in the international trade pattern of India during the period. This paper thus aims to study the impact of the pandemic in the export import pattern of the country through extensive literature review. The study also intends to shed some light to probable prospects and problems to expect in the post Covid period in terms of export and imports.

Background of the Study

The World Health Organization has declared COVID-19 as a pandemic on march 11 2020, subsequently to slow down the spread of corona viruses, many countries have imposed some kind of restrictions on people and trade. Several countries have declared citywide or national wide lock downs for protecting themselves. In addition to that many of the countries have raised an entry ban against foreigners particularly strict restriction were observed in the second quarter of 2020 as it was the first wave of the pandemic. It is natural that Covid 19 impact in an exporting country decreases the scale of production which force reduction in export supply in that particular country. Apparently there will be industrial heterogeneity in terms of the degree of supply shocks .The supply shocks will be lesser in those industries which are providing essential products than non-essential products such as auto mobiles and machines.

The country is keeping priority the key supply chain for essential goods for the crisis such as medical supplies, food products and ICT goods and services. However there are number of challenges for keeping these supply chain for ensuring transparent and freed trade across the globe. In general all supply chains are being affected by the need to ensure additional safety measures and practices for all participants involved in the supply chain which indirectly affect cost and time. The present lockdown in the country had impacted the availability of labor to unload ships at ports or costs been increased due to increased protective measures for workers. Likewise cancellation of passenger flights linked to travel bans have also limited the availability of air cargo while urgent shipping of essentials increased demand, which results increase in the price of air cargo. Similarly important shipping ports reported decline in cargo tonnages over Fifty countries due to the changed protocol, ranging from port closure and quarantine measures to additional documentation requirements and examination. Various countries have also set up "green lanes at ports of entry and border crosses, to accelerate the processing of cargo shipments.

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In this context it is extremely relevant to investigate the impact covid19 on international trade changed over time across heterogeneous industries.

Objective of the Study

The objective of the study is to analyze the pattern of export and import of commodities during the pandemic period. The study analyses the export import pattern of two years in which the pandemic was severe and has affected all sectors of the economy. An effort to identify the future prospects and challenges in the export import pattern of commodities also have been made.

The Pattern of Exports and Imports

• Exports

The export pattern of commodities followed a non-random pattern comparing with last year. The pattern of several consumer commodities have shown a declining trend in the period of 2020-21. Dairy and agricultural products showed a negative trend from 9940.07 US \$ million to 8087.98 US \$ million in the year. A similar trend is visible in the export of edible vegetables and fruits. However, it is the flip side of coin that the exports of cereals have grown to 8754 US \$ million from 6672 US \$ million. The export of coffee also increased from 3299 US \$ million to 3445 US \$ million in the year 2020-21. Similarly the export of pharmaceutical products has also increased from 16289 US \$ million to 17,577.61 US \$ million. At the same time the exports of mineral fuels and oils have shown a deep decline from 42709 US \$ million to 23069 US \$ million.

Pattern of Export and Import of Commodities (2019-21) in US \$ Million

S. No.	Commodity	Exports			Imports		
		2019-20	2020-21	Pattern	2019-20	2020-21	Pattern
1	Dairy products	9940.07	8087.98	-	220.14	206.45	-
2.	Live tress, edible vegetables, fruits, nuts	2661.33	2346.56	-	4909.01	4533.77	-
3.	Coffee	3299.05	3445.94	+	779.72	731.18	-
4.	Cereals	6672.52	8755.36	+	182.52	45.56	-
5	Sugars and sugar confectionery	2,192.14	2,597.58	+	454.13	729.75	+
6.	Animal or vegetable fats and oils	1165.69	1,434.52	+	9,867.14	10,205.43	+
6	Cocoa and cocoa preparations.	180.10	135.70	-	259.03	244.78	-
7	Salt; sulphur; earths and stone; plastering materials, lime and cement	1,997.77	1,657.49	-	2,621.12	2,101.59	-
8	ores, slag and ash.	3,161.35	4,476.55	+	2,643.89	2,225.76	-
9	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes.	42,708.83	23,069.58	-	153,646.45	87,530.94	-
10	Metals, of rare-earth metals	1,764.23	1,489.66	-	6,366.40	6,144.11	-
11	Organic chemicals	17,487.24	16,077.67	-	19,815.74	17,609.37	-
12	Pharmaceutical products	16,289.25	17,577.61	+	2,334.67	2,302.80	-
13	Fertilisers	117.45	101.16	-	6,704.52	6,713.02	+
14	Articles of leather and fur skin	2963.96	2005.66	-	2013.74	444.99	-
15	Wood and articles of wood	445.67	422.34	-	2021.11	1411.23	-
16	Cotton	5,736.72	5,440.22	-	1,528.87	452.29	-
17	Iron and steel and articles of iron and steel	16311.45	16279.76	-	15832.79	10741.36	-
18	Electrical machinery and equipment and parts thereof	15187.73	12504.60	-	12277.42	9715.01	-

Source: annual export import report of DGFT for the year 2019-20,2020-21

Apart from the above, miscellaneous commodities which also mark a major share in the commodity proportion also shows a declining pattern and this clearly justifies the decline of total exports from 3133761 US \$ million in 2019-20 to 256400 US \$ million in 2020-21 .

- **Imports**

The table clearly shows that Imports of majority of commodities also have a declining pattern over the pandemic period. At the same time the import of sugar and sugar confectionaries shows a drastic increase which is double the times as that of last year. Though the export of sugar showed a positive pattern the alongside increase of import of the same from 9867 US\$ million to 10205 US\$ million set off the positive percentage share. A similar Pattern is visible in case of animal or vegetable fats and oil. Though the exports has grown up the increase in the import of the same makes the benefits numerable. The imports though shows a decreasing pattern over the period, the percentage change in imports is higher than that of the percentage change in exports.

The total import of India has decreased from 344,959.70US\$ million in the year 2019-20 to 474709.28 US\$ million in 2020-21.

Conclusion

The recent catastrophic events in the world has consensually made the economies to live up with the revolutions that are yet to be adapted in its fullest form. The facts and figures above clearly explains this slope in terms of exports and imports of India in case of commodity goods in the pandemic period. The lockdown and subsequent protective measures have significant impact on the upward and downward movement of India. It is evident that the export of certain essential commodities have maintained a positive growth since the government ensured the same with various incentive schemes as that in the case of local active pharmaceutical ingredients production. But an increase in the share of imports in some sectors have set off the impacts to a great extend. As this maybe the case, but the new economic schemes by the government also hopes to stabilize the pattern to an extent. The pandemic hit economy could be a stimulating force for domestic goods if adequately supported by the government. The closing of national boundaries has thrived many domestic companies and Digi-markets across the globe. This opened up limitless opportunities in the upcoming future for international trade which could boost more exports.

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