

Champions of India's export story

India ranks 19th in world merchandise exports with a share of 1.7%. Although India's share in world exports may be insignificant, the country made notable progress in foreign trade since 2001, when our share in world exports was hardly 0.7%. This article focuses on some of the champions of India's export performance in the last two decades. The major contributors to India's export story can be categorized as large Indian companies, MSME clusters, Special Economic Zones and multinational companies.

Among the large companies are Reliance Industries, Indian Oil Corporation, BPCL, Bajaj Auto, Mahindra & Mahindra, Rajesh Exports, Indian Oil Corporation, Tata Steel, JSW Steel, Hindalco, Sun Pharmaceuticals, Aurobindo Pharma, Lupin, Cipla etc. Majority of them are in the petroleum products, automobile, pharmaceuticals, gems & jewellery and industrial metals. In all these sectors, India has competitive advantage, as is reflected in its share in world exports. India's share in world export of petroleum products such as petrol, diesel and other products is 6%, while the corresponding share in motorcycle is 6.8%, chassis used in tractors and large motor vehicles is 12%, gems & jewellery is 5.7%, articles of iron & steel is 2.6% and pharmaceutical products is 2.6%.

In the last two decades, Bajaj Auto has emerged as the largest exporter of two-wheelers and three-wheelers from India. The company accounts for 60% of India's export of bikes and three-wheelers, which are shipped to more than 70 countries.

Pharmaceutical is one of the export-oriented industry of India and our share in world export of some products in this category is large as 15%. Sun Pharmaceutical is the fourth largest specialty generic pharmaceutical company in the world with more than 40 manufacturing facilities that caters to the healthcare need of at least 100 countries in the world. Aurobindo Pharma is another major exporter which ships products to more than 150 countries across the globe and it derives at least 90% of its revenues from overseas operations.

Engineering is another export oriented sector as it contributes nearly 24% to India's merchandise exports. Among large companies in this sector are BHEL that exports engineering services, Thermax that exports high technology products, Hindustan Aeronautics that exports defence goods, Bharat Forge that exports steel forgings and Kalpataru Power that exports fabricated metal products.

Gems and jewellery is another major export oriented sector in India. Mumbai-based Kiran Gems claims to be the largest manufacturer of diamonds in the world and it exports to Dubai, Hong Kong, China, Belgium, Australia and the US, besides supplying to reputed brands and manufacturers of jewellery and watches. Bengaluru-based Rajesh Exports claims to be the only company in the world that operates across the entire value chain of gold from refining to retailing. The firm processes 35% of gold produced in the world, largest by any company across the globe.

Apart from these large companies, there are also major small and medium enterprises and MSME clusters that are driving India's merchandise exports. MSMEs in Tirupur (Tamil Nadu) cluster manufacture and export readymade garments to advanced countries, while Ludhiana cluster specializes in export of woolen knitwear products and Surat (Gujarat) cluster specializes in gems & jewellery. The

Morbi ceramic cluster in Gujarat exports around 30% of its output to at least 170 countries. Other export oriented clusters in India are Aurangabad auto cluster, Bengaluru machine tool cluster, Kanpur leather cluster, Kolhapur foundry cluster etc.

Apart from clusters, there are around 240 special economic zones that contribute around 18% to the total export revenue (from both goods and services exports) of the country. Many of these zones are in the services category as they are engaged in export of IT and IT enabled services.

Multinational companies are other growth drivers of India's exports. Especially, exports through engineering companies such as Honeywell Automation India, ABB India and Siemens has grown remarkably in recent years. According to media reports, exports account for 50% of revenue for Honeywell Automation India, while the corresponding figure for ABB India and Siemens is 18% and 21% respectively. In the automobile sector, Hyundai Motor India, Ford India and KIA Motors are the major local arms of foreign companies that export from India. In the fast moving consumer goods space, Procter & Gamble Health, Colgate Palmolive and Nestle are some of the exporters.

The above mentioned companies and sectors have powered India's export in the last two decades. In future, India should produce new champions of exports in emerging sectors such as electric vehicle, robotics, solar photovoltaic cells, smartphones and consumer electronics.

There is also huge scope for enhancing India's share in world exports of certain agriculture commodities. Already, India has almost 7% share in world cereals exports, 11% share in cotton exports and 7% share in spices exports and 5% share in marine product exports. By developing a strong value chain, India can increase its share in world export of value added agro products.

Notifications

PIB

Enhancement of facilities under Customs Rules (IGCR, 2017)

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=1719706>

Artificial Intelligence based algorithm may aid analysis of patterns in biology and materials science

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=1719644>

Mineral Production in March 2021

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