

2023

MVIRDC World Trade Center Mumbai

Study on

INDIA'S TRADE ANALYSIS

with



WORLD TRADE CENTER®
MUMBAI





Bharat Ratna Sir M. Visvesvaraya
(15 September, 1860 - 14 April, 1962)

FIFTY YEARS AND COUNTING

M. Visvesvaraya Industrial Research and Development Centre (MVIRDC) is a non-profit company registered and licensed under Section 25 of the Companies Act, 1956 (currently Section 8 of the Companies Act, 2013). On 26 June, 2020 MVIRDC completed 50 years of continuous service to the promotion of trade and industry.

MVIRDC became a member of the World Trade Centers Association, New York, in 1971 and established the World Trade Center Mumbai, which is the first World Trade Center in India. MVIRDC, having spearheaded the movement of World Trade Centers in India with the establishment of WTCs at Bhubaneswar, Goa and Jaipur, is assisting MSMEs in these regions through various Trade Research, Trade Promotion, Trade Infrastructure including Commercial Offices, Business Center, Trade Facilitation Services and Trade Education Programmes.

Foreword

पीयूष गोयल
PIYUSH GOYAL



वाणिज्य एवं उद्योग,
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FOREWORD

I am delighted to learn about the study *'India's Trade Analysis with G20'* written by M. Visvesvaraya Industrial Research and Development Centre (MVIRDC), World Trade Center, Mumbai which captures India's growing trade relations with the G20 member nations.

International trade is the backbone for building international relations. India is one of the fastest-growing major economies in the world and has recently become the fifth largest economy globally. G20 provides an unprecedented opportunity to shape international thinking. It is heartening to note that Startup20, a new engagement group, has been initiated for the first time under India's G20 Presidency. The theme of India's G20 Presidency 'One Earth, One Family, One Future' is in line with '*Vasudhaiva Kutumbakam*' and is central to the G20 vision as we aim to stride towards the prosperity of our global family.

Under the dynamic leadership of Hon'ble Prime Minister Shri Narendra Modi, India will strive to ensure that the G20 acts as a global prime mover to envision new ideas and accelerate collective actions. India will work jointly with G20 partners to emulate the 'digital revolution' in the other parts of the world. It is noteworthy that India's G20 Presidency will be aided by an action-oriented, reform-oriented and inclusive approach to be the voice of the Global South.

This study showcases trade opportunities among G20 countries, especially between India and the other G20 member countries in various product categories such as agro-based, textiles, engineering, automotive, electronics amongst others. It provides insightful recommendations to strengthen Indian exports to G20 countries by leveraging the existing Free Trade Agreements and capitalizing on the global network of World Trade Centers (WTCs) in G20 countries. The findings of this comprehensive study will pave the way forward for strengthening India's trade relations with G20 countries in the identified product categories where India has untapped export potential in the G20 market. It will also serve as a valuable reference for policymakers, trade missions, export promotion councils amongst others.

I congratulate MVIRDC for bringing out this remarkable composition and wish them all success for their future endeavours.

Piyush Goyal



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Foreword

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सत्यमेव जयते



भारत सरकार
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कृषि एवं किसान कल्याण विभाग
Government of India
Ministry of Agriculture & Farmers Welfare
Department of Agriculture & Farmers Welfare

Foreword

International trade is an important bridge that brings countries together and can be a useful tool to promote world peace and prosperity. Trade unites nations of different cultures by creating a sense of inter-dependence and hence trade has remained a key element in shaping the foreign policy of nations for many centuries. The influence of trade in the relations of G20 countries cannot be underestimated as the bloc accounts for 75% of world trade and 85% of the global GDP. Consequently, trade and economic relations have assumed a key dimension in the multi-sectoral engagement of G20 countries and India, under its presidency, can play a critical role in strengthening trade linkages among the member countries.

Even though the G20 bloc contributes 75% of world trade, there is huge scope to promote intra-group trade within the bloc by identifying potential tradeable goods and reducing tariff and non-tariff barriers in these goods. Therefore, one of the priority of the G20 policymakers should be to promote open, fair, predictable and rules-based trade.

Small and medium enterprises, who are the major drivers of employment, can benefit by exploring new areas of integration into the regional supply chain within the G20 groups. Strengthening intra-bloc trade will also give rise to new forms of joint ventures, transfer of technologies and cross-border investments within the G20 bloc.

G20 countries can also collaborate in deploying cutting-edge technologies to strengthen trade linkages. Many countries in this bloc are at the forefront of innovation in frontier technologies such as artificial intelligence, robotics, 3D printing, blockchain and mobile payment services which can improve manufacturing competitiveness, customs procedures, trade finance and cross-border payments.

I am happy to note that MVIRDC WTC Mumbai has conducted this study on 'India's Trade Analysis with G20 countries' to examine scope for strengthening India's trade linkage within the mega economic bloc.

The study brings out that India's share in the imports of G20 economies stood at a mere 1.4% in 2021. This statistic reveals a substantial opportunity for us to enhance our trade connections with the member countries. Despite the G20 nations representing 75% of global trade, they currently contribute only 56% to India's merchandise trade. As identified by the study, there are 42 specific products in which India possesses untapped export potential to the high-income and middle-income nations within the G20 bloc.

I am confident that the findings of this study will stimulate public discussion across various industry and policy forum and help in boosting India's trade with the G20 countries.


(Smita Sirohi)

Study on India's Trade Analysis with G20

By MVIRDC World Trade Center Mumbai

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Goodwill Message from the Chairman

The UN Sustainable Development Agenda identifies trade as an engine of inclusive economic growth and poverty reduction. However, trade can be an effective tool for inclusive growth only if we promote free and fair trade among countries by reducing barriers and increasing the competitiveness of micro, small and medium enterprises to foray into the global market.

G20 bloc can work towards developing the next generation world trade order that promises balanced economic development of all the member countries. Today, G20 is one of the most integrated trade bloc as 80% of the imports are sourced from among the member countries. Yet, large countries such as India have not explored the full benefit of trade integration with G20 bloc. India supplies hardly 1.4% of the import demand of G20 countries (minus India), which leaves huge scope to cater to this market. The annual import demand of G20 countries (minus India) is USD 16.5 trillion and it represents 74% of world imports.

I am happy to note that MVIRDC WTC Mumbai has prepared this study to identify competitive sectors which can benefit from this huge G20 market. This study builds on the existing research work and helps us understand better the sectors where India can gain from trade openness with G20 countries.

The next logical step is to create awareness and build capability of local MSMEs to foray into the G20 market in these identified sectors. WTC Mumbai is committed to expand India's trade with G20 countries by organizing online trade fairs, exchanging trade delegations and conducting buyer-seller meetings to reap the untapped trade opportunities. WTC Mumbai can leverage the global network of WTCs to enable local MSMEs to reach out to the target market and potential clients in the G20 countries. WTC Mumbai assures to play a facilitative role in strengthening our trade relation with G20 countries through our world-class trade facilities and knowledge-based trade services.

Dr. Vijay Kalantri

Chairman
MVIRDC WTC Mumbai



Preface

Trade and investment are the key engines that drive global economic growth and prosperity. India has centuries old trade relations with many of the G20 member countries in the EU, Asia and the Americas. In the current global environment, free and open trade is necessary to ensure global food security, create employment, enable cheaper access to goods for consumers and raise living standards of people.

WTC Mumbai has always believed in the adage of 'Promoting Prosperity Through Trade' as trade fosters global peace and stability, which is the foundation for economic development. G20 countries can join hands to create an open trade environment to raise standard of living and end poverty, which is the first goal of the UN Sustainable Development Agenda. India's G20 Presidency can be an opportune time to rethink the trade relations among the member economies for their mutual prosperity.



Micro, small and medium enterprises (MSMEs), farmers and women entrepreneurs stand to benefit from new market opportunities created by an open and seamless global trading system. G20 countries can discuss pathways to reduce trade cost for MSMEs by simplifying customs procedure and boosting transport connectivity to promote seamless trade in goods.

At the same time, the G20 forum should evolve collective solutions to the adverse effects of trade liberalization on environment, loss of jobs and unsustainable trade deficit in less competitive countries. These issues can be addressed by designing a comprehensive trade agreement for G20 bloc with provisions on eliminating subsidies for polluting industries, promoting trade in clean energy technologies, supporting informal sectors to become globally competitive and prohibiting unfair trade practices.

The first step in this effort for deeper trade integration is identification of sectors with comparative advantage. This study highlights the sectors where India has competitive advantage in expanding to the G20 market. The study identifies 42 products across low technology, medium technology and high technology manufacturing sectors where India has proven export advantage. These products include cereals and pharmaceutical goods, which are essential to attain the UN Sustainable Development Goals of food security and good health.

I am confident that the findings of this study will have important implications for India's trade policy with the G20 countries and will also spur further research on this subject.

Rupa Naik

Executive Director
MVIRDC WTC Mumbai

(To download the full report contact us - research@wtcmumbai.org)