

Chapter 11

International Trade

1. Choose the right answers of the following from the given options:

Question 1.(i)

Trade between two countries is termed as

- (a) Internal trade**
- (b) External trade**
- (c) International trade**
- (d) Local trade**

Answer:

- (c) International trade**

Question 1.(ii)

Which one of the following is a land locked harbour?

- (a) Vishakhapatnam**
- (b) Mumbai**
- (c) Ennore**
- (d) Haldia**

Answer:

(a) Vishakhapatnam

Question 1.(iii)

Most of India's foreign trade is carried through

(a) Land and sea

(b) Land and air

(c) Sea and air

(d) Sea

Answer:

(c) Sea and air

Question 1.(iv)

Which one of the following is India's largest trading partner (2010-11)

(a) U.A.E.

(b) China

(c) Germany

(d) U.S.A.

Answer:

(a) U.A.E.

2. Answer the following questions in about 30 words:

Question 2.(i)

Mention the characteristics of India's foreign trade.

Answer:

The nature of India's foreign trade has changed over the years. Though there has been an increase in the total volume of import and export, the value of import continued to be higher than that of exports. There has also been an increase in trade deficit over the last couple of years. This increase in deficit is attributed to the price rise of crude petroleum, which forms a major component of India's international trade. The share of primary products has decreased in the total export of India, whereas share of petroleum products has increased, share of manufactured products has remained constant over the years.

Question 2.(ii)

Distinguish between port and harbour.

Answer:

Question 2.(iii)

Explain the meaning of hinterland.

Answer:

Hinterland is the area served by a port. It is the area of influence of a port. It is a region lying inland from a coast or river. Eg. UP, Bihar, Jharkhand are hinterlands of Kolkata port.

Question 2.(iv)

Name important items which India imports from different countries.

Answer:

The major of items of India's import as per 2009-2011 are food and allied products, fuel, fertilisers, paper board manufacturing and news print, capital goods, chemicals, pearls, precious and semi precious stones, gold and silver.

Question 2.(v)

Name the ports of India located on the east coast.

Answer:

Ports on the eastern coast of India are:

- Kolkata port – West Bengal
- Haldia port – West Bengal
- Paradip port – Odisha
- Vishakhapatnam port – Andhra Pradesh
- Chennai port – Tamil Nadu
- Ennore port – Tamil Nadu
- Tuticorin port – Tamil Nadu

3. Answer the following questions in about 150 words:

Question 3.(i)

Describe the composition of export and import trade of India.

Answer:

Composition of Export trade in India: The composition of commodities in India's international trade has been undergoing change over years. The share of agriculture and allied products have declined whereas shares of petroleum and crude products and other commodities have increased. The shares of ore minerals and manufactured goods have largely remained constant over the years from 1997-98 to 2003-04. The increase in share of petroleum products is due to rise in petroleum price as well as India's refining capacity. The decline in traditional products is largely due to the competition from the international market. Amongst the agricultural products, there is a great decline in the exports of traditional items such as coffee, spices, tea, pulses, etc. though an increase has been registered in floricultural products, fresh fruits, marine products and sugar, etc.

Manufacturing sector alone accounted for 68 per cent of India's total value of export in 2010-11. Engineering goods have shown a significant growth in the export list. China and other East Asian countries are our major competitors. Gems and jewellery contribute a larger portion of India's foreign trade.

Composition of Import trade in India: Machine and equipment, special steel, edible oil and chemicals largely make the import basket. There has been a steep rise in imports of petroleum products. It is used not only as a fuel but also as an industrial raw material. It indicates the tempo of rising industrialization and better standard of living. Sporadic price rise in the international market is another reason for the same. Import of capital goods maintained a steady increase due to rising demand in the export-oriented industrial and domestic sectors. Non-electrical machinery, transport equipment, manufacturers of metals and machine tools were the main items of capital goods. Import of food and allied products declined with a fall in imports of edible oils. Other major items of India's import include pearls and semi precious stones, gold and silver, metalliferous ores and metal scrap, non-ferrous metals, electronic goods, etc.

Question 3.(ii)

Write a note on the changing nature of the international trade of India.

Answer:

In 1950-51, India's external trade was worth Rs. 1,2140 million, which rose to Rs. 22,09,270 crore in 2009-10. The main reasons for the rise in the quantum of trade is momentum picked up by the manufacturing sector, the liberal policies of the government and the diversification of markets. The nature of India's foreign trade has changed over the years. Though there has been an increase in the total volume of import and export, the value of import continued to be higher than that of exports. There has also been an increase in trade deficit over the last couple of years. This increase in deficit is attributed to the price rise of crude petroleum, which forms a major component of India's international trade.

Changing Nature of India's Export: The composition of commodities in India's international trade has been undergoing change over years. The share of agriculture and allied products have declined whereas shares of petroleum and crude products and other commodities have increased. The shares of ore minerals and manufactured goods have largely remained constant over the years from 1997-98 to 2003-04. The increase in share of petroleum products is due to rise in petroleum price as well as India's refining capacity. The decline in traditional products is largely due to the competition from the international market. Amongst the agricultural products, there is a great decline in the exports of traditional items such as coffee, spices, tea, pulses, etc. though an increase has been registered in floricultural products, fresh fruits, marine products and sugar, etc.

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Changing Nature of India's Import: India faced serious food shortage during 1950s and 1960s. The major item of import at that time was foodgrain, capital goods, machinery and equipments. The balance of payment was adverse as imports were more than export in spite of all the efforts of import substitution. After 1970s, foodgrain import was discontinued due to the success of green revolution but the energy crisis of 1973 pushed the prices of petroleum, and import budget was also pushed up. Fertilisers and petroleum replaced foodgrain import. Machine and equipment, special steel, edible oil and chemicals largely make the import basket.

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