

'Export basket shifted from labour to capital and skill-intensive products'

FE BUREAU

New Delhi, December 21

INDIA'S EXPORT BASKET has undergone a shift from labour-intensive products like textiles to capital-and skill-intensive ones like engineering goods and jewellery, according to an essay by the economists in the finance ministry.

A comparison of India's current trade basket to the early 1990s reveals that India added 628 new products to its export basket by 2022. Nearly one-third of these new products consist of high-value engineering goods, petroleum products, and chemicals.

In the three decades between 1994 and 2022, India has not just

carved out new markets but has become the market leader in some of the new product categories, according to study.

India is a top exporter of shipping vessels (with nearly 33% market share). Similarly, it is a leading exporter of iron and steel alloys — a market that was unexplored before 1994. The growth of the new product basket outpaces the growth of surviving products. Some of the highest growth rates were registered by products such as helicopters, arms and ammu-

nition and electrical machinery.

As per the study, growing traction in new markets, particularly in developing countries, has also helped India to increase its share in world exports. This change in the destination pattern of India's exports is in line with growing income levels in developing countries.

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India's goods and services exports doubled in the two-year period ended 2022 to \$770 billion amid the rising supply side disruptions across the world, it added.

"There were several tailwinds in favour of this upsurge, such as a diversion of trade from other countries in favour of Indian products, a continued increase in global commodity prices and a strong rebound in global trade," the study said.

