

ANALYSIS OF INDIA'S FOREIGN TRADE TRENDS WITH ITS NEIGHBORS

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Abstract

For centuries, trade and commerce have been a strong pillar of the strength and harmony of relations. Trade relations between two countries also lay the foundation for the coordination of other relations such as political, social, cultural and spiritual relations. The quality and practicality of relations of any country with its neighboring countries reflects the international image of the country. India has also always advocated cordial relations with its neighboring countries. Despite most of India's border being covered by sea, it shares land borders with nine countries. Afghanistan, Pakistan, Bangladesh, China, Bhutan, Nepal, Sri Lanka, Maldives and Myanmar are India's neighboring countries. If we look at the historical background, India has had relations with all these countries for a very long time. In the global economy, China and India are establishing their special identity on the basis of their geographical and demographic characteristics. By establishing trade relations with these two strong economies, the remaining neighboring countries can also lead their economies in a strong direction. Important information can be obtained by studying and analyzing the trend of India's trade balance i.e. import and export with all its neighboring countries in the past years. Detailed analysis can be done with important information about problems and possibilities by critically analyzing the findings. With the help of trend study, corrective approach can be adopted by keeping the search for the reasons of progressive development and decline as the central point. Cordial trade relations with neighboring countries are beneficial for both in every situation. Proximity of local geographical position provides comparative advantage in the perspective of trade with distant countries in the form of transportation economy. By establishing a balance between import and export, along with ensuring optimal exploitation of local resources, the benefit of the concept of technological specialization of a country dominated by technological proficiency

can be taken. Due to the economic constraints of a small country, it is not possible for them to bear the huge expenses of developing technology. As a result, by importing technology, they can strengthen their economy by making the most efficient use of their available natural and human resources and can provide a quality life to their people.

Keywords: Strong pillar, Trade balance, Detailed analysis, Trade relations, Optimum exploitation, Quality life.

Introduction

Political relations have both direct and indirect positive and negative effects on trade and commerce. If there are strong political relations between two countries, then a steady increase in the volume of trade between them can be seen. This increase is the result of minimization of trade barriers and prosperous economic integration. A stable political environment constantly motivates the investors of both the countries to make foreign investments. There is another side of the coin which can negatively affect foreign trade. The irregular and unpredictable nature of complex political relations always keeps the businessmen on the threshold of risk. Political discord keeps the possibility of intensification of trade disputes and unnecessary restrictions, decline in foreign investment, economic sanctions and dire consequences of currency imbalance. For example, in the current global scenario, due to fluctuations in political relations between the United States and China, there is a trade imbalance. Political relations between India and Pakistan remain bitter on the issue of terrorism and in the last decade, these have become bitterer, due to which trade between them has also been affected. Through the presented study, it is important to find out the impact of any country's dependence on its neighbors and political relations on trade. By studying the trend of foreign trade with neighboring countries, positive and negative aspects of trade can be identified in time and necessary solutions can be suggested.

Literature Review

India's foreign trade with China has been a significant aspect of their bilateral relationships. **Sharma (2024)**, examines imports and exports between China and India, emphasizing the trade imbalance and its effects on the Indian economy. **Mathur (2020)**, analyzes the trade relationship between China and India and makes the case that China's trade policies are intended to further its own financial interests at India's expense. **Chand and Zhang**

(2020), Examine the trading links between China and India, noting any patterns or difficulties. **Choudhury (2018)**, highlights the prospects and difficulties for India to overcome its trade imbalance while talking about the country's reliance on Chinese imports. **Bari (2020)**, highlights the potential for growth in manufacturing and GDP while examining the opportunities and difficulties in trade relations between India and Bangladesh. **Rahman et al. (2016)**, examines Bangladesh's export prospects in the Indian market, pointing out obstacles and potential growth paths. **Raychaudhuri and De (2013)**, examines India's international service trade and its effects on inequality and growth. **Srivastava (2024)**, demonstrates India's strategic interest in promoting stability and peace in Bangladesh, which could be advantageous for Indian apparel exports. **Gagandeep, Nag, and Kumar (2023)**, Strong trade flows between India and Sri Lanka were found after an analysis of their post-ISFTA commercial connections. **Akram et al. (2024)**, explored how SAFTA and ISFTA affected bilateral commerce, emphasizing the need for a sophisticated comprehension of regional economic dynamics. **Sumanasiri (2021)**, determined the obstacles to global commerce that Sri Lankan exporters encounter in the Indian market. **Joshi (2012)**, evaluated the impact of the India-Sri Lanka Free Trade Agreement on trade flows through an econometric analysis. **Bharti and Nisa (2023)**, assessed how regional trade agreements affected Indian exports. **Adhikari (2024)** uses the Auto-Regressive Distributed Lag (ARDL) model to examine the macroeconomic factors that influence bilateral trade between India and Nepal. **Khanal (2023)**, highlights the effects of trade agreements and regulations on Nepal's exports and trade deficit by comparing trade between India and Nepal before and after globalization. **Timalsina (2023)**, focuses on the political ramifications and difficulties of Nepal-India commerce and transit connections. **Upadhyaya, Kharel, and Poudel (2021)**, highlight trends and patterns in Nepal's international trade with India and other economies. **Rahman and Akter (2023)**, identifies patterns and trends in Nepal's trade with other economies, including India.

Objectives of the study

- To analyse and interpret the trend of India's foreign trade with neighboring countries.
- To study the stability of political relations and interconnectedness of trade with neighboring countries.
- To discover the positive and negative aspects based on analysis and interpretation of foreign trade with neighboring countries and to present suggestions for their solution.

Scope of Study

In the present study, India's total foreign trade has been compared with the trade done with its neighboring countries. The foreign trade, i.e. import and export, done with neighboring countries like Afghanistan, Pakistan, China, Bhutan, Bangladesh, Nepal, Sri Lanka, Maldives and Myanmar has been studied quantity-wise and percentage-wise. Along with this, the trade deficit with these countries has also been studied.

Research Methodology

Research Design

This study looks at India's international trade with its neighbors using a descriptive and analytical research design. The study's foundation is secondary data gathered from official sources, such as Ministry of Commerce and Industry, Government of India, Directorate general of foreign trade and Government reports and publications.

Data Collection

Secondary data on India's international commerce with its neighbors will be used in the study, including:

Trade statistics: Data on imports, exports, and the trade balance from 2016–17 to 2024–25.

Government publications and reports: These include economic surveys and evaluations of trade policy.

Data Analysis

The information gathered will be examined using:

Using descriptive statistics, the transaction data is summed up and described.

Comparative analysis: To assess how India's commercial relations differ from those of its neighbors.

Limitations

Among the study's shortcomings are:

- **Data accessibility:** The study's conclusions may be impacted by the quantity and caliber of secondary data obtained from official sources.
- **Time span:** Because the study only looks at a single time period, it might miss long-term patterns or shifts in trade connections.

Expected Outcomes

The purpose of the study is to shed light on India's international trade with its neighbors, including:

Patterns and trends in trade: Finding patterns and trends in India's international trade with its neighbors.

Trade agreements: An examination of how trade agreements affect ties between countries.

Implications for policy: Suggestions for legislators to improve India's commercial ties with its neighbors.

India and its Neighbor countries in last one Decade

India and China

Economic relations between India and China have long been very strong, but political relations between the two countries have always been volatile. The 1962 India-China war has always existed as a rift between the two countries. The unresolved border dispute on the Line of Actual Control (LAC) between the two countries and the military standoff and clash in the Galwan Valley in 2020 have disrupted political and economic relations. China's increasing activities in the South China Sea and its growing aggression in the Indo-Pacific region, including its String of Pearls strategy, have raised concerns for India. To counter China's growing influence, India has strengthened relations with like-minded countries, including the Quad (US, Japan and Australia). If we look at the positive aspects between the two countries, despite the disputes, some high level visits and dialogues have been taking place continuously, and with the cooperation in many multilateral forums such as BRICS, G20, SCO, AIIB, efforts are being made to make the political relations between the two countries cordial despite the increasing bitterness.

India and Bangladesh

Bangladesh is India's largest trading partner in South Asia and India is Bangladesh's second largest trading partner in Asia. The Land Boundary Agreement (LAB) of 2015 resolved the long-standing issue of border areas and transferred land area and also facilitated smooth border management. This agreement proved to be a significant step in resolving long-standing disputes between the two countries. Various connectivity projects including the India Bangladesh Friendship Pipeline (IBFP) have helped in increasing physical and economic connectivity

between the two countries. Looking at the challenges between the two countries, there is a dispute over the sharing of river waters, especially the Teesta river. The challenge of border killings and illegal transit remains a major problem in the border management scenario. The possibility of radicalism and extremism in the political environment of Bangladesh continues to impact India's security. Despite the above challenges, there is always a possibility of moving forward together on the basis of cordial political relations and previously established friendly behavior between the two countries.

India and Maldives

On the positive side, India has been providing development assistance to Maldives, such as funding for infrastructure projects, capacity building and humanitarian aid. India also plays a key role in providing training, equipment and support to the Maldives National Defense Force. Initiatives such as the India Culture Centre in Male and cultural exchange programs have strengthened cultural and social ties between the two countries. Indian people have also played a key role in tourism in Maldives. High-level visits and diplomatic dialogues between the two countries take place at regular intervals. As far as challenges are concerned, Maldives has re-evaluated foreign policy priorities due to leadership change and has tried to diversify the existing relationship by engaging with countries other than India. Political relations between the two countries have changed in the last few years. The rise of the India Out campaign has turned the atmosphere of Indian dominance there into a concern. India's growing engagement with other regional powers in Maldives, especially China, has changed India's role.

India and Pakistan

Political relations between India and Pakistan have been strained since their inception. The conflicts of 1965, 1972 and 1999 between India and Pakistan have always failed attempts to build trust in an atmosphere of betrayal. Cross-border terrorism sponsored by Pakistan has always been a cause of bitterness between the two countries. In the past years, incidents like the Pathankot airways attack (2016), Uri attack (2016) and Pulwama attack (2019) have made the relations quite tense. Article 370, which gave special status to Jammu and Kashmir, has now been abolished in 2019. India had granted Most Favored Nation status to Pakistan in 1996, yet Pakistan's trade policy towards India has always been restrictive. After the Pulwama attack, India revoked Pakistan's MFN status and increased customs duty on Pakistan exports.

India and Nepal

India and Nepal have always had strong economic and political relations. India is Nepal's largest trading partner and a major source of investment. India has also been a major supplier of petroleum production to Nepal. The first railway link has also been operational to increase connectivity between the two countries. The border dispute between the two countries escalated as Nepal showed the disputed area as its part in the new political map published in 2020. The Treaty of Peace and Friendship (1950) has always been a matter of controversy on the basis of political sensitivity. The arrival of China between India and Nepal and its increasing economic influence in Nepal has seen a major change in India's role. With China adding another dimension to the dynamics of relations, especially through the Belt and Road Initiative, the possibility of negative impact on India's interests seems to be strong. Despite the bitterness in political relations in the past years, religious pilgrimages and educational exchange programs have helped in increasing the closeness in cultural and social relations.

India and Bhutan

From a trade perspective, India is Bhutan's largest trading partner. India is playing an important role in the development of Bhutan's hydropower sector, where some projects have been completed and many are under construction. From a development assistance perspective, India provides significant development assistance to Bhutan and supports its five-year plans and various infrastructure projects. In the field of space cooperation, India launched India-Bhutan SAT in 2022 to assist in natural resource management. Rupay Card and Bhim App have been approved in the field of FIN TECH to strengthen financial integration. Hydropower concerns have always remained between India and Bhutan. Local and global concerns about the environmental impact of large-scale hydropower projects in Bhutan continue to be a major obstacle in social and cultural relations between the two countries. The BBIN Motor Vehicle Agreement aims to promote regional connectivity, but it still faces implementation challenges.

India and Afghanistan

India has played an important role in the reconstruction of Afghanistan since 2001. India has made a commendable contribution in the construction of dams, Parliament House, hospitals and roads in Afghanistan. The signing of the Strategic Partnership Agreement in 2011 gave a new direction to cooperation. In this cooperation, priority was given mainly to infrastructure, education and technological development. Under the High Impact Community Development

Projects (HICDP), an investment of more than \$120 million has been committed for community development projects in areas such as education, health and irrigation in 34 provinces of Afghanistan. India is trying to use the Chabahar port to promote access and trade with Central Asia through Afghanistan. Since the Taliban came to power in 2021, India is facing the challenge of re-establishing its relations with the new regime. India is working closely with Iran to provide trade and humanitarian assistance to Afghanistan through the Chabahar port.

India and Myanmar

India has contributed significantly to infrastructure development, energy projects and human resource development in Myanmar. Connectivity projects such as the India-Myanmar Thailand Trilateral Highway and the Kaladan Multi Modal Transit Transport Project are underway, which will boost trade and transport between the two countries. Myanmar is geopolitically important for India as it lies at the crossroads of India's neighborhood first and 'act East' policies.

India and Sri Lanka

Economic cooperation between India and Sri Lanka has played an important role. India is a major trading partner of Sri Lanka, and trade has increased after the free trade agreement between the two countries. In the field of defense cooperation, joint military exercises and naval exercises between India and Sri Lanka take place at various intervals. There is a dispute between India and Sri Lanka over the Kachchativu Island, which is a major issue for fishermen of Tamil Nadu. India has always been concerned about the rights and welfare of the Tamil minority community in Sri Lanka and has been pressing Sri Lanka to implement the 13th Amendment.

Table –1

India's Export with Neighbor Countries (in Crore ₹)

S.N O	NAME OF COUNTRY	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
1	Afghanistan	3397	4577	4992	7085	6106	4129	3495	2943	2696
2	Bangladesh	45740	55537	64392	58177	71509	120535	97785	91652	96999

3	Bhutan	3414	3520	4591	5235	5193	6605	8663	7980	10696
4	China	68251	85994	117289	117673	157202	158215	122774	137966	120616
5	Maldives	1325	1399	1557	1608	1452	4983	3835	7387	4743
6	Myanmar	7435	6227	8459	6910	5732	6665	6503	5549	5199
7	Nepal	36580	42624	54301	50713	50465	71939	64773	58275	62076
8	Pakistan	12222	12397	14427	5718	2415	3831	5020	9863	4720
9	Sri-Lanka	26238	28870	32996	26935	25857	43334	40923	34110	38503
	Total	204602	241145	303004	280054	325931	420236	353771	355725	346248
	Growth (Absolute)		36543	61859	-22950	45877	94305	-66465	1954	-9477
	Growth (Relative)		17.86	25.65	-7.57	16.38	28.93	-15.82	0.55	-2.66

Source : Directorate General of Foreign Trade

It is clear from the analysis of the above table that in the last 9 years, India's exports to its neighboring countries have seen positive growth from absolute and relative perspectives in 2017-18, 2018-19, 2020-21 and 2021-22. Out of these years, the growth in 2018-19 and 2021-22 being more than 25% is commendable. The growth rate in 2023-24 is nominal but it has worked to break the chain of disappointment by converting the previous negative growth into positive growth. Negative growth is seen from absolute and relative perspectives in 2019-20, 2022-23, 2024-25. Continuous negative growth is not seen in any two years, which shows positive thinking in export efforts. The main reason for the decline in exports in the year 2019-20 was the arrival of the Covid-19 pandemic, but the growth rate in the two years immediately following it has demonstrated the soundness of India's export policy. In the financial year 2022-23, weak global demand, weakness of the Indian rupee, high logistics cost, political and policy instability on the global stage, rising inflation and stagnation in service sector exports have played a role in causing a decline of 15.82% in the export rate. After this financial year, India cannot be said to be successful in increasing the export trade, but it has succeeded to some extent in preventing the previous situation.

Table – 2
India's Import with Neighbor Countries(in Crore ₹)

S. N O	NAME OF COUNTRY	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
1	Afghanistan	1967	2797	3078	3766	3753	3806	3653	5327	5846
2	Bangladesh	4708	4420	7339	8975	8053	17450	16245	15269	16960
3	Bhutan	2063	2436	2590	2871	3214	4057	4310	2807	4354
4	China	411103	492236	492079	461525	482496	705123	790932	842386	959744
5	Maldives	61	37	147	42	181	517	4042	718	1001
6	Myanmar	7156	4120	3674	3911	3916	7485	7697	8914	12944
7	Nepal	2985	2825	3558	5045	4975	10208	6757	6879	10233
8	Pakistan	3049	3150	3476	98	18	19	157	24	4
9	Sri Lanka	4040	4977	10374	6407	4752	7530	8660	11804	11041
	Total	437132	516998	526315	492640	511358	756195	842453	894128	1022127
	Growth (Absolute)		79866	9317	-33675	18718	244837	86258	51675	127999
	Growth (Relative)		18.27	1.80	-6.40	3.80	47.88	11.41	6.13	14.32

Source : Directorate General of Foreign Trade

The above table shows India's import trend with its neighboring countries in the last 9 years. Apart from the year 2019-20, all other financial years are showing positive growth from absolute and relative perspective. Imports declined in 2019-20 due to the COVID-19 pandemic. The 47.88 percent increase in imports in the year 2021-22 can be seen as an effort to recover from the negative growth of 6.4% in the previous two years and the nominal positive growth of 3.8% in 2020-21. Reduction in the severity of the ill effects of Corona and increase in demand in the Indian economy have also been a reason for this. The growth rate of financial years 2017-18, 2022-23 and 2024-25 is also satisfactory. The import growth rate in financial years 2018-19, 2020-21 and 2023-24 is showing almost stability.

Table – 3
Percentage of India's Exports to its Neighboring Countries

S.NO	NAME OF COUNTRY	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
1	Afghanistan	1.66	1.90	1.65	2.53	1.87	0.98	0.99	0.83	0.78
2	Bangladesh	22.36	23.03	21.25	20.77	21.94	28.68	27.64	25.76	28.01
3	Bhutan	1.67	1.46	1.52	1.87	1.59	1.57	2.45	2.24	3.09
4	China	33.36	35.66	38.71	42.02	48.23	37.65	34.70	38.78	34.84
5	Maldives	0.65	0.58	0.51	0.57	0.45	1.19	1.08	2.08	1.37
6	Myanmar	3.63	2.58	2.79	2.47	1.76	1.59	1.84	1.56	1.50
7	Nepal	17.88	17.68	17.92	18.11	15.48	17.12	18.31	16.38	17.93
8	Pakistan	5.97	5.14	4.76	2.04	0.74	0.91	1.42	2.77	1.36
9	Sri-Lanka	12.82	11.97	10.89	9.62	7.93	10.31	11.57	9.59	11.12
	Total	100	100	100	100	100	100	100	100	100

Source : Directorate General of Foreign Trade

The above table shows the percentage of India's exports to its neighboring countries in the last 9 years. Exports to Afghanistan were on an upward trend from 2016-17 to 2019-20 but after that it is showing a continuous decline, which is a matter of concern. The seriousness of the matter can be gauged from the fact that the export which was 1.66 percent in 2016-17 has come down to only 0.78 percent in 2024-25, that is, there has been a negative growth of percentage. Bangladesh is maintaining a position of about 20 to 28% in the exports made to the neighboring countries and from 2021-22, there is a significant increase in exports. Export trade with Bhutan has been 1.57 % to 3.09% and there is always volatility in the trade. A large part of India's exports to neighboring countries is being exported to China. There has been a progressive increase in it from the year 2016-17 to 2020-21, but after that it is witnessing a slight decline. Export trade with Maldives has ranged from 0.45% to 2.08%. There is also an uptrend in export trade with Maldives, but as an exception, its percentage in 2023-24 is much larger than in the past years. The percentage in export trade with Myanmar is continuously falling, which has reduced to less than half in 2024-25 as compared to 2016-17. The percentage of export trade with Nepal is showing balance. The export percentage has been 15.48 percent to 18.31%. Its

neutrality even during the Corona epidemic shows strong trade relations between India and Nepal. Deteriorating relations with Pakistan have always directly affected trade. In the last 9 years, its share in exports to neighboring countries has come down from 5.97% to 1.36 percent. After the year 2019-20, due to terrorist incidents, political relations between the two countries deteriorated, due to which trade relations also deteriorated and exports also remained untouched by this, the story of which is being told by the above figures. Exports to Sri Lanka have also maintained a stable percentage. The export percentage has decreased in 2019-20, 2020-21 as a result of Covid-19 but after that it has repeated its previous performance.

Table – 4

Percentage of India's Imports to its Neighboring Countries

S.NO	NAME OF COUNTRY	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
1	Afghanistan	0.45	0.54	0.58	0.76	0.73	0.50	0.43	0.60	0.57
2	Bangladesh	1.08	0.85	1.39	1.82	1.57	2.31	1.93	1.71	1.66
3	Bhutan	0.47	0.47	0.49	0.58	0.63	0.54	0.51	0.31	0.43
4	China	94.05	95.21	93.50	93.68	94.36	93.25	93.88	94.21	93.90
5	Maldives	0.01	0.01	0.03	0.01	0.04	0.07	0.48	0.08	0.10
6	Myanmar	1.64	0.80	0.70	0.79	0.77	0.99	0.91	1.00	1.27
7	Nepal	0.68	0.55	0.68	1.02	0.97	1.35	0.80	0.77	1.00
8	Pakistan	0.70	0.61	0.66	0.02	0.00	0.00	0.02	0.00	0.00
9	Sri-Lanka	0.92	0.96	1.97	1.30	0.93	1.00	1.03	1.32	1.08
	Total	100	100	100	100	100	100	100	100	100

Source : Directorate General of Foreign Trade

The above table shows the percentage-wise imports made by India from its neighboring countries in the last 9 years. India imports about 94% of its imports from China alone and the remaining 6% with 8 countries. The import figures show the terrible situation of imbalance and also show India's dependence on China. There is always a danger of doing a large part of the import trade with a single country, that if the relations between the two countries deteriorate, the trade activities of the dependent country may be completely disrupted and it will be impossible to recover from the decline in the amount of profit due to the increase in both time

and cost in searching for another option. After 2019-20, import trade with Pakistan has become almost zero. Import trade with Maldives is also very low. Bangladesh, Myanmar, Nepal and Sri Lanka remain at a share of about one percent. Afghanistan and Bhutan are maintaining their position in the range of 0.5%.

Table – 5
India's Trade Balance (Deficit/Surplus) with its Neighboring Countries (in Crore ₹)

S. N O	NAME OF COUNTRY	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
1	Afghanistan	1430	1780	1914	3319	2353	323	-158	-2384	-3150
2	Bangladesh	41032	51117	57053	49202	63456	103085	81540	76383	80039
3	Bhutan	1351	1084	2001	2364	1979	2548	4353	5173	6342
4	China	-342852	-406242	-374790	-343852	-325294	-546908	-668158	-704420	-839128
5	Maldives	1264	1362	1410	1566	1271	4466	-207	6669	3742
6	Myanmar	279	2107	4785	2999	1816	-820	-1194	-3365	-7745
7	Nepal	33595	39799	50743	45668	45490	61731	58016	51396	51843
8	Pakistan	9173	9247	10951	5620	2397	3812	4863	9839	4716
9	Sri-Lanka	22198	23893	22622	20528	21105	35804	32263	22306	27462

Source : Directorate General of Foreign Trade

The above table shows India's trade balance (deficit or surplus) with its neighboring countries. When a country exports less than its imports, it is called a trade deficit. India has the highest trade with China among its neighboring countries. While India trades about 38% of the total imports of neighboring countries with China and about 94% of its total exports, this difference is the main reason for the above trade deficit. Trade with most of the other countries is in a surplus position, which is contributing to reducing China's trade deficit. From 2016-17 to 2024 - 25, trade with Bangladesh, Bhutan, Nepal, Pakistan and Sri Lanka has been in surplus rather than deficit in any year and they have been the major centers of our exports. From the year 2022-23, imports with Afghanistan have increased compared to exports. The trade deficit with Myanmar has also been increasing continuously since 2021-22. Keep in mind that both these

countries were in a trade surplus situation before this. Trade deficit with Maldives can be seen as an exception only in 2022-23. From the study of the above data, it is known that till the year 2020-21, there was no trade deficit with any other neighboring countries except China, the main reason for this can also be the changing environment after Covid-19.

Table – 6

India's Foreign Trade in Perspective of Global Level and Asian Continent

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Total import worldwide (in Crore ₹)	2577675	3001033	3595675	3360954	2915958
Total import with neighbor countries (in Crore ₹)	437132	516998	526315	492640	511358
% Import of neighbor countries with world	16.96	17.23	14.64	14.66	17.54
Total Export worldwide(in Crore ₹)	1849434	1956515	2307726	2219854	2159043
Total Export with neighbor countries (in Crore ₹)	204602	241145	303004	280054	325931
% Export of neighbor countries with world	11.06	12.33	13.13	12.62	15.10
Total Import with Asian continent (in Crore ₹)	1546334	1802415	2229852	2069770	1811555
% import of neighbor countries with Asian continent	28.27	28.68	23.60	23.80	28.23
Total Export with Asian continent (in Crore ₹)	923504	964579	1127258	1038582	1005425
% Export of neighbor countries with Asian continent	22.15	25.00	26.88	26.97	32.42
% import of Asian countries with total World	59.99	60.06	62.01	61.58	62.13
% Export of Asian countries with total World	49.93	49.30	48.85	46.79	46.57

	2021-2022	2022-2023	2023-2024	2024-2025
Total import worldwide (in Crore ₹)	4572775	5749801	5616042	6099261
Total import with neighbor countries (in Crore ₹)	756195	842453	894128	1022127
% Import of neighbor countries with world	16.54	14.65	15.92	16.76
Total Export worldwide(in Crore ₹)	3147021	3621550	3618952	3701907
Total Export with neighbor countries (in Crore ₹)	420236	353771	355725	346248
% Export of neighbor countries with world	13.35	9.77	9.83	9.35

Total Import with Asian continent (in Crore ₹)	2918573	3605034	3403195	3760500
% import of neighbor countries with Asian continent	25.91	23.37	26.27	27.18
Total Export with Asian continent (in Crore ₹)	1413148	1504610	1507500	1474063
% Export of neighbor countries with Asian continent	29.74	23.51	23.60	23.49
% import of Asian countries with total World	63.82	62.70	60.60	61.66
% Export of Asian countries with total World	44.90	41.55	41.66	39.82

Source : Directorate General of Foreign Trade

In the above table, India's total foreign trade has been shown in the perspective of global level and Asian continent. Imports and exports with neighboring countries have been seen in relation to global and Asian continent. Imports from neighboring countries have remained 14.5 percent to 17.5% of the total imports done globally. Imports from neighboring countries have been reduced as a result of COVID-19 and reduction in global demand in 2022-23. The import percentage has been the highest in the financial year 2017-18 and 2020-21. Looking at the trend of exports made with all the countries of the world, it is known that till 2020-21, India used to export more to its neighboring countries, but after that there is a continuous decline in it. The minimum has been 9.35 percent in the financial year 2024-25. This decline can be indicative of two situations, first there is a decline in trade relations with neighboring countries and second, there is an increase in exports with the rest of the world. If we analyze foreign trade with neighboring countries in the context of the Asian continent, the share of import trade with neighboring countries has ranged between 23.3% and 28.7%. Export trade has seen a continuous fluctuation in the last 9 years and it has ranged between 22.15 % and 32.42. Since the advent of Covid- 19 pandemic it was on growing trend but after that it has caught the declining path.

Conclusion

- India imports about 94% of its goods from neighboring countries from China, which shows its high dependence on its neighboring country. In the event of adverse and complex relations, it is not possible to find quick alternatives. As a result, India's commercial and consumer activities may face dire consequences.

- China and Bangladesh have been our strong partners from the export point of view. Then Nepal and Sri Lanka are also playing an important role in the export trade.
- India has recovered well from the sharp decline in imports from neighboring countries due to Covid-19, but there have been fluctuations in the export perspective, which is a matter of concern.
- The percentage of imports from neighboring countries has maintained a stable balance in comparison to the global level. But the progressive decrease in exports has negative and positive effects. The bitterness of political relations with neighboring countries shows negativity and the possibility of strong cordial relations with the remaining countries shows positivity.
- Trade deficit with China is constantly increasing which shows India's dependence on China. Afghanistan and Myanmar being in the category of trade deficit countries in the last few years is also making the danger of their dependence on other countries possible.

Suggestions

- India should try to increase its imports from Bangladesh, Myanmar, Nepal and Sri Lanka from 1% to 2%, import trade from Afghanistan and Bhutan from 0.5% to 1% and trade with Maldives to 0.5%. By adopting the above strategic approach, import dependence on China can be brought down to 85%.
- India should maintain strong political relations with China, Bangladesh, Nepal and Sri Lanka from an economic perspective and try to address export trade promotion efforts with Afghanistan, Bhutan, Maldives and Myanmar.
- India should step up export promotion efforts and strive to sustain progressive growth in export performance under adverse circumstances.

- Efforts should be made to continuously increase exports with neighboring countries to counter the adverse impact of the global economic slowdown due to the extreme divergence of developed economies.
- India should reduce the amount of imports from China and solve the problem of adverse trade balance by increasing exports. Efforts should be made to achieve the previously established balance with Afghanistan and Myanmar.

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