

## Factors influencing International trade

**Difference in natural resources:** The fundamental base of international trade is the difference in natural resources of different countries. There are variations in relief, structure, geology, climate and soil from one country to the other. These variations lead to variations in natural resources. Some countries produce certain things more than their requirement and export them while some other countries may be lacking them and import those commodities.

**Marketable Surplus:** Some countries are capable of producing certain things more than their internal consumption. In other words, these countries have marketable surplus which they trade with those countries having demand for such products. For example, tea from India, coffee from Brazil, jute from Bangladesh, paper and pulp from Norway and Sweden, wood from Australia and petroleum from the Middle East are available for export. Advanced countries like the United States of America, United Kingdom, Russia, Germany and Japan mostly export finished goods.

**Scarcity of Goods:** There is not even a single country in the world which does not have scarcity of one commodity or the other. Japan and Britain do not have raw materials. Hence, these countries have to import raw materials from a large number of countries. Thus, scarcity of goods also encourages international trade. Japan depends heavily on iron ore supplies from India.

**Transport and Communication:** Trade involves exchange of goods which requires proper arrangement for transportation and communication. Land, water and air transport have helped international trade to a great extent. Heavy commodities like coal and iron ore as well as light and perishable commodities like milk and milk products, meat, fruits and vegetables, etc. can be sent to all parts of the world by efficient means of transport and refrigeration. Countries with poor transport system have not been able to develop international trade.

**Disparities in Economic Growth:** There are disparities in the economic growth in different parts of the world. Some countries are still engaged in primary activities such as agriculture, mining, etc. These countries mainly export minerals and agricultural raw materials. India's export consisted of raw materials for a pretty long time even after independence. Recently, India has been able to diversify its exports as a result of diversification of her economic activities.

**Trade Policy:** Free trade policy encourages international trade whereas restrictions on the trade discourage it. For example, India has restricted the export of oil-seeds to meet the domestic demand. Similarly, India has imposed heavy import duty on certain finished goods to encourage industries at home.

**War and Peace:** Peace is the most important condition for the development of international trade. International trade gets disrupted during the time of war.

**Political Relations:** Countries having cordial political relations have better exchange of goods which encourages international trade. For example, India and Russia have good political relations and trade between these two countries has increased. On the other hand, the USA and Russia have strained political relations and trade between these two big countries is at low level.

## **The trade relationship between India and USA**

The trade relationship between India and the USA involves both exports and imports of various goods and services. Here is a general overview of the trade between the two countries:

### **Indian Exports to the USA**

**Pharmaceuticals:** India is a major exporter of generic pharmaceuticals and active pharmaceutical ingredients (APIs) to the USA.

**Information Technology Services:** Indian IT companies provide a wide range of IT services, including software development and business process outsourcing, to American businesses.

**Textiles and Apparel:** India exports textiles, garments, and apparel products to the USA.

**Gems and Jewelry:** Precious and semi-precious stones, as well as jewelry, are significant exports from India to the USA.

**Agricultural Products:** India exports items like spices, rice, tea, and processed food products to the USA.

**Automotive Components:** Indian manufacturers supply auto components and parts to the American automotive industry.

**Chemicals:** India exports various chemicals, including organic and inorganic chemicals, to the USA.

## India imports from USA

**Aerospace Products:** The USA exports aircraft, aerospace equipment, and related technology to India.

**Machinery and Equipment:** American exports to India include industrial machinery, electrical machinery, and mechanical appliances.

**Agricultural Products:** India imports agricultural goods such as pulses, nuts, dairy products, and soybeans from the USA.

**Medical Equipment and Pharmaceuticals:** India imports medical equipment, pharmaceuticals, and healthcare technology from the USA.

**Renewable Energy Equipment:** There is an increasing demand for renewable energy equipment and technology from the USA to support India's clean energy initiatives.

**Defense and Aerospace Technology:** India's defense sector imports advanced technology and equipment from the USA.

**Entertainment and Media:** The USA exports entertainment content, including movies, television shows, and music, to the Indian market.

**Financial and Professional Services:** American financial institutions and professional service providers offer services to Indian clients.

The following table gives an idea regarding bilateral trade between India and USA.

Financial year	Export to USA (Billion US dollar)	Imports to India (Billion US dollar)	Trade Balance (Billion US dollar)
2018-19	52.4	35.5	16.9
2019-20	40.3	27.7	12.6
2020-21	22.0	13.0	9.0
2021-22	73.3	40.1	33.2
2022-23	118.8	73.0	45.8

**Fig: Trend of Trade of Balance between India and USA**

The trade relationship between India and the USA is dynamic, with fluctuations in the types and volumes of goods and services traded based on market conditions, economic factors, and trade policies. Trade tensions and negotiations can also impact this relationship. Beside this during financial year 2020-21 trade between India and USA rapidly decline due to Covid pandemic. Though India playing an important role in this bilateral trade. The table shows that India is found in good position and a **positive balance of trade** is achieved.

## The trade relationship between India and Russia

The trade relationship between India and Russia involves both exports and imports of various goods and services. Here's a general overview of the trade between the two countries:

### Indian Exports to Russia:

**Pharmaceuticals:** India exports pharmaceutical products and medicines to Russia.

**Agricultural Products:** Indian agricultural exports to Russia include items like rice, spices, tea, and various food products.

**Machinery and Equipment:** India exports machinery, including industrial machinery and electrical equipment, to Russia.

**Chemicals:** Chemical products, both organic and inorganic, are among India's exports to Russia.

**Textiles and Apparel:** Indian textiles and garments are exported to the Russian market.

**Gems and Jewelry:** Precious and semi-precious stones, as well as jewelry, are also part of India's exports to Russia.

### Russian Exports to India:

**Energy Resources:** Russia is a significant supplier of energy resources to India, including crude oil and natural gas.

**Defense Equipment:** Russia is a major supplier of defense equipment, including military aircraft, tanks, and other weaponry, to India.

**Metals and Minerals:** Russia exports metals like steel and aluminum, as well as minerals, to India.

**Nuclear Technology:** Russia has been involved in nuclear cooperation with India and has supplied nuclear reactors and related technology.

**Aerospace and Aviation:** Russia supplies aircraft, aerospace technology, and related products to India.

**Fertilizers:** Russia exports fertilizers and agricultural chemicals to India.

Financial year	Export to Russia (Billion US dollar)	Imports to India (Billion US dollar)	Trade Balance (Billion US dollar)
2018-19	3.23	7.75	- 4.52
2019-20	3.92	7.24	- 3.32
2020-21	3.48	5.83	- 2.35
2021-22	2.01	3.22	- 1.21

## **Fig: Trend of Trade of Balance between India and Russia**

The trade relationship between India and Russia is influenced by historical ties, diplomatic relations, and mutual economic interests. Trade volumes and product categories may fluctuate based on market dynamics, economic factors, and geopolitical developments. It's important to note that the trade balance between the two countries has historically been in favor of Russia due to India's energy imports.

## **The trade relationship between India and Japan**

The trade relationship between India and Japan involves both exports and imports of various goods and services. Here's a general overview of the trade between the two countries:

### **India exports to Japan:**

**Pharmaceuticals:** India exports pharmaceutical products, including generic medicines, to Japan.

**Automotive Components:** Indian manufacturers supply auto components and parts to the Japanese automotive industry.

**Information Technology Services:** Indian IT companies provide software development, IT consulting, and outsourcing services to Japanese businesses.

**Chemicals:** India exports various chemicals, including organic and inorganic chemicals, to Japan.

**Iron and Steel:** India's iron and steel products are exported to Japan.

**Textiles and Apparel:** Indian textiles, garments, and apparel products are also part of exports to Japan.

**Agricultural Products:** India exports agricultural goods like rice, spices, and processed food products to Japan.

### **Japan exports to India:**

**Automobiles:** Japan is a significant exporter of automobiles, including passenger cars and motorcycles, to the Indian market.

**Electronics and Technology:** Japan exports electronic products, consumer electronics, and advanced technology equipment to India.

**Machinery and Equipment:** Japanese machinery, including industrial machinery and precision equipment, is imported by India.

**Metals and Minerals:** Japan exports metals like steel and aluminum to India.

**Energy Resources:** While not a primary export, Japan may supply some energy-related equipment and technology to India.

**Infrastructure and Construction:** Japan is involved in infrastructure development projects in India and may export construction-related equipment and technology.

The trade relationship between India and Japan is characterized by mutual economic interests and strong diplomatic ties. Both countries have sought to enhance economic cooperation through trade agreements and investments. Trade volumes and product categories may vary over time based on market conditions, economic factors, and trade policies.

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Prepared by:

Ratumoni Das  
Assistant Professor & HoD  
Department of Geography  
Jagiroad College