Chapter 8: International Trade

Exercises — Exercises

Q1 Choose the right answer. Trade between two countries is termed as: (a) Internal trade (b) External trade (c) International trade (d) Local trade

(c) International trade. Trade carried on between two or more countries is international trade, whereas internal and local trade take place within a country.

Q2 Choose the right answer. Which one of the following is a land locked harbour? (a) Vishakhapatnam (b) Mumbai (c) Kamarajar (Ennore) (d) Haldia

(a) Vishakhapatnam. This Andhra Pradesh port is a land-locked harbour connected to the sea by a channel cut through solid rock and sand. Mumbai is a natural harbour, Ennore is a newly developed port and Haldia is a satellite port of Kolkata.

Q3 Choose the right answer. Most of India's foreign trade is carried through: (a) Land and sea (b) Land and air (c) Sea and air (d) Sea

(c) Sea and air. Most of India's foreign trade moves through sea and air routes; only a small portion goes by land to neighbouring countries such as Nepal, Bhutan, Bangladesh and Pakistan.

Q4 Mention the characteristics of India's foreign trade (about 30 words).

India's foreign trade has grown sharply in volume, from Rs 1,214 crore in 1950-51 to over Rs 77 lakh crore in 2020-21. Its composition and direction have changed, and imports have remained higher than exports.

Q5 Distinguish between port and harbour (about 30 words).

A harbour is a sheltered stretch of water where ships can anchor safely, natural or artificial. A port is a harbour equipped with facilities for loading, unloading and storing cargo, and it links the hinterland to overseas trade.

Q6 Explain the meaning of hinterland (about 30 words).

Hinterland is the area behind a port from which it draws exports and to which it sends imports. Its boundary is not fixed, and the hinterlands of neighbouring ports often overlap, so it is hard to demarcate.

Q7 Name important items which India imports from different countries (about 30 words).

India imports petroleum, oil and lubricants, fertilisers, machinery and equipment, special steel, edible oils, chemicals, non-ferrous metals, pearls, precious and semi-precious stones, gold and silver, and pharma products.

Q8 Name the ports of India located on the east coast (about 30 words).

East coast ports include Kolkata with its satellite port Haldia, Paradwip, Visakhapatnam, Chennai, Kamarajar (Ennore) and V.O. Chidambaranar (Tuticorin). Diamond Harbour on the Hugli was also developed after Independence.

Q9 Describe the composition of export and import trade of India (about 150 words).

India's trade composition has changed over the years. In exports, manufactured goods dominate, accounting for 67.8 per cent in 2021-22, helped by engineering goods and gems and jewellery. Crude petroleum and products have risen to 16.4 per cent, while agriculture and allied products stand at 11.9 per cent, and ores and minerals have stayed near 2 per cent. The shares of agriculture and manufactured goods have fallen from earlier levels because of tough international competition, and traditional items like cashew have declined, though floricultural products, fresh fruits, marine products and sugar have grown. In the 1950s and 1960s, imports were mainly foodgrain, capital goods, machinery and equipment. After the 1970s, the Green Revolution ended foodgrain imports, and the 1973 energy crisis raised petroleum prices. Fertilisers and petroleum replaced foodgrain. In 2021-22 fuel formed 31.6 per cent of imports, capital goods 10.1 per cent, food products 4.4 per cent and fertilisers 2.3 per cent.

Q10 Write a note on the changing nature of the international trade of India (about 150 words).

India's international trade has changed greatly in volume, composition and direction. Trade rose from Rs 1,214 crore in 1950-51 to Rs 77,19,796 crore in 2020-21, owing to growth of manufacturing, liberal government policies and diversification of markets. Imports have always exceeded exports, and the trade deficit widened from Rs 1,25,725 crore in 2004-05 to Rs 14,25,753 crore in 2021-22. In composition, exports now depend on manufactured goods and petroleum products, with traditional agricultural items declining. Imports shifted from foodgrain and capital goods to petroleum, fertilisers, edible oils, chemicals and machinery. In direction, India trades with most countries and blocs; Asia and ASEAN supplied the largest import share, Rs 29,18,577 crore in 2021-22. Trade travels mainly by sea and air through ports and airports. India's share in world trade is only about one per cent, and it aims to double it through import liberalisation, lower import duties, delicensing and a shift from process to product patents.