



A Peer Reviewed International Journal of Asian  
Research Consortium

**AJRSH:**  
**ASIAN JOURNAL OF  
RESEARCH IN SOCIAL  
SCIENCE & HUMANITIES**



## COMPARATIVE TRADE INTERACTION BETWEEN INDIA AND CHINA

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### ABSTRACT

*China and India plays a crucial role in the world of trade. Both countries comprise large population. They are the biggest market in the world and one among the largest exporters in the world. This paper studies about the trade interactions between India and China between 1990 and 2009. Both the countries continues to have interaction between from very olden days. And of late the trade is going on increasing The trade shows the amount of openness and the extent of globalization of any country. And China's trade is expanding at a faster rate, when compared to India. In this paper the study underwent are about the area of study, direction of trade of India, direction of trade of India, total imports and exports of India from 1990 to 2010, total imports and exports of India and China from 1990 to 2010, Comparative Background of Imports in India and China etc are studied.*

### INTRODUCTION

#### AREA OF STUDY: INDIA AND CHINA

India and Zhonghua Renmin Gongheguo called as the People's Republic of China's are the two countries chosen for this study. The total area of China (including Taiwan, Hong Kong and Macao) is estimated at 9,572,900 sq. km (3,696,100 sq. miles). The area of the republic of India is 3,166,285 sq. km.



The republic of India called Bharat is a federal republic. The area is 3,166,285 sq. km. The capital of the country is Delhi and it has 28 states and 7 union territories. The official languages are Hindi and English. The monetary unit is Rupee (Re) and its exchange rate was 44.94 with one US Dollar in 2000. Its principal exports are gem and jewellery, clothing, engineering goods, leather manufactures, cotton yarn and fabric. The total value of export is 45296.4 millions of U.S Dollars in 2000. The total import was 51371.28 millions of U.S Dollars in 2000, consists of crude oil and petroleum products, gems, fertilizers, chemicals and machinery.

India is bounded in the northwest by Pakistan, north by China (Tibet), Nepal and Bhutan, east by Myanmar, and southeast, south and southwest by the Indian Ocean. The far eastern states and territories are almost separated from the rest by Bangladesh. The country is divided into distinct geographical regions: the Himalayan regions, the Gangetic plain and the plateau region. It has three great river systems. They are Ganges, Indus and Brahmaputra. India includes several groups of islands-Lakshadweep (14 islands), Andaman (204 islands) and Nicobars (19 islands).

The People's Republic of China's national name is Zhonghua Renmin Gongheguo. With 2978 deputies, elected for four years terms by universal suffrage, the National People's Congress is the chief legislative organ. A state council has the executive authority. All ministries are under the State Council, headed by the premier. The communist party controls the government.

China is bounded in the north by Russia and Mongolia; east by North Korea, the Yellow Sea and the East China Sea, with Hong Kong and Macao as enclaves on the southeast coast; south by Vietnam, Laos, Myanmar, India, Bhutan and Nepal; west by India, Pakistan, Afghanistan, Tajikistan, Kyrgyzstan and Kazakhstan. The total area (including Taiwan, Hong Kong and Macao) is estimated at 9,572,900 sq. km (3,696,100 sq. miles).

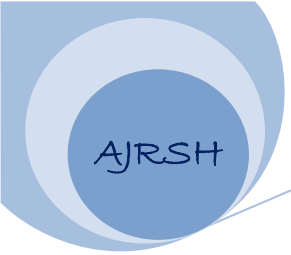


## COMPARATIVE DIRECTION OF TRADE OF INDIA AND CHINA

Direction of Trade for India million US Dollars; calendar year																				
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Exports, total</b>	178 13	178 74	192 33	209 91	241 97	305 39	323 26	346 24	336 68	359 23	426 27	454 33	505 22	611 30	753 87	982 12	120 550	153 775	177 700	161 997
1. United States	269 4	292 2	353 3	388 5	466 1	530 5	618 4	674 2	710 3	810 0	908 3	935 5	103 08	113 64	128 39	164 75	185 16	202 85	208 52	200 39
2. United Arab Emirates	455	738	480	726	121 0	130 6	149 1	163 8	182 4	202 9	246 9	167 9	311 9	467 6	660 5	828 1	111 72	147 28	218 48	219 19
3. China, People's Republic of	18	48	94	286	215	283	542	692	500	511	758	154 5	172 0	271 0	417 8	647 3	791 0	101 95	966 4	892 7
4. Singapore	308	386	515	727	738	807	943	829	583	634	826	101 7	130 9	194 9	337 8	506 9	590 8	704 3	799 7	510 1
5. United Kingdom	110 9	113 7	133 3	126 5	153 3	188 1	201 1	212 0	192 8	199 0	223 3	246 7	241 3	289 2	341 5	471 5	547 9	642 8	662 1	583 0
6. Hong Kong, China	545	615	721	114 5	135 0	182 1	176 5	191 5	189 3	235 3	260 8	208 8	255 2	310 0	355 4	427 6	462 8	589 9	657 3	617 7
7. Germany	135 2	127 1	144 1	152 7	158 6	184 1	185 7	191 6	187 0	176 7	186 5	203 7	202 7	243 5	261 9	339 6	388 1	483 2	603 7	575 1
8. Netherlands	298	373	418	458	535	711	839	816	774	855	882	811	100 2	122 9	146 1	225 7	262 1	458 7	601 6	351 5
9. Belgium	...	...	...	...	...	...	...	118 5	127 0	134 8	144 5	137 1	159 4	177 0	228 3	278 1	332 4	402 5	436 3	336 1
10. Italy	499	581	655	571	768	974	913	107 0	107 0	110 4	126 2	135 7	131 9	163 6	205 3	246 1	331 7	382 9	381 0	367 2
<b>Imports, total</b>	239 91	195 09	231 97	212 69	254 86	344 90	360 55	408 97	421 62	479 01	503 36	591 51	589 13	740 78	998 38	139 888	176 669	235 025	281 467	247 003
1. China, People's Republic of	31	21	94	259	622	811	702	102 9	110 2	124 0	144 9	209 4	260 3	373 8	607 3	992 6	158 13	246 92	302 76	278 05
2. United States	263 5	189 1	225 8	217 1	243 2	334 4	318 7	370 9	366 0	358 3	315 2	414 1	412 9	489 0	598 1	884 8	111 73	187 08	188 89	181 09
3. Saudi Arabia	147 5	110 9	164 9	160 1	151 3	186 0	242 8	257 4	200 1	272 0	122 0	131 6	495	680	113 0	155 0	104 46	178 97	194 70	126 63
4. United Arab Emirates	964	994	727	658	130 7	159 4	165 7	176 9	173 6	218 1	107 8	116 3	947	178 4	395 1	442 6	758 2	122 67	188 21	122 41

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5. Germany	183 6	155 1	190 7	158 7	189 9	271 3	273 8	260 4	223 8	191 6	178 0	227 2	231 0	279 0	363 1	552 2	716 6	928 9	112 38	122 95
6. Switzerland	215	152	320	452	590	787	929	226 2	286 7	268 4	302 0	427	246 5	306 7	519 2	640 3	848 2	965 5	110 44	854 8
7. Australia	757	561	826	686	841	945	108 9	144 4	145 5	117 3	106 8	136 7	132 9	232 1	333 3	466 7	649 3	763 0	827 7	126 97
8. Iran	482	585	524	330	476	574	810	693	514	105 7	471	508	265	265	366	629	589 6	100 94	118 29	769 4
9. Singapore	689	311	689	593	720	966	974	116 4	133 8	149 7	148 2	301 8	140 2	192 3	245 8	317 8	495 6	746 1	760 3	101 79
10. Korea, Republic of	325	314	410	365	694	717	836	972	129 6	130 4	989	154 9	142 7	250 2	310 3	430 0	474 5	573 0	795 3	702 5

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Direction of Trade for China million US Dollars; calendar year																				
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Exports, total</b>	62760	71968	85622	91699	120873	148965	151171	182926	183751	194941	249223	266723	325783	438486	593495	762648	969698	1218700	1429340	1260680
1. United States	5314	6198	8599	16977	21421	24744	26731	32744	38001	42003	52162	54395	70064	92633	125155	163348	203898	233181	252786	251703
2. United Arab Emirates	27163	32138	37511	22068	32365	36004	32904	43798	38782	36891	44520	46503	58483	76289	100878	124505	155435	184289	190772	151214
3. China, People's Republic of	9210	10252	11699	15782	21490	28466	30888	31820	29718	32399	41654	45078	48483	59423	73514	84097	91773	102116	116176	104505
4. Singapore	433	2179	2438	2860	4376	6688	7527	9136	6266	7808	11293	12544	15508	20096	27818	35117	44558	56129	73905	57537
5. United Kingdom	2062	2356	2447	3971	4762	5672	5852	6493	7350	7778	9278	9759	11382	17536	23756	32537	40302	48729	59192	53597
6. Hong Kong, China	943	1063	1200	1609	2272	3233	3539	4410	5162	5412	6687	7294	9070	13505	18519	25876	30843	41411	45921	42813
7. Germany	664	728	923	1928	2414	2791	3199	3821	4633	4879	6310	6786	8059	10824	14968	18983	24159	31654	36079	35202
8. Netherlands	2016	2014	2031	2245	2563	3500	3753	4321	3901	4502	5761	5795	6969	8869	12687	16716	23188	29680	32325	26040
9. Belgium	-	-	2337	2692	1578	1674	1693	2035	1833	1497	2233	2715	3522	6035	9103	13211	15829	28484	33011	21345
10. Italy	173	144	158	255	572	765	698	938	1016	1162	1561	1903	2673	3344	5927	8937	14588	24036	31517	27053
<b>Imports, total</b>	53810	63879	81872	103634	115708	132164	138949	142163	140385	165718	225175	243567	295440	412837	561423	660224	791795	956264	1131920	1023160
1. China, People's Republic of	7656	10032	13686	23303	26319	29007	29190	28990	28307	33768	41520	42810	53489	74151	94372	100468	115811	133903	150808	125309
2. United States	236	1066	2623	5360	7318	10288	12485	14885	15021	17228	23208	23396	28581	43135	62250	76874	89819	104045	112175	92760
3. Saudi Arabia	6591	8010	8903	10633	13977	16123	16179	16290	16997	19489	22376	26221	27251	33939	44773	48995	59326	69998	81723	78219
4. United Arab Emirates	2980	3049	4023	6056	7136	8035	7325	6184	6998	8336	10411	13695	16434	24341	30368	30668	37888	45422	55911	56576
5. Germany	14565	17543	20539	10501	9488	8599	7839	6997	6667	6892	9431	9424	10788	11119	11800	12232	10795	12824	12946	102708
6. Switzerland	1361	1556	1671	1945	2448	2585	3438	3245	2693	3607	5099	5430	5852	7301	11553	16147	19195	25758	36284	36506
7. Australia	852	804	830	1084	1623	2065	2246	2485	2675	3606	5480	6206	9295	13987	18174	20108	23577	28737	32131	26900
8. Iran	386	422	424	601	864	1611	1890	2005	2423	2780	4380	4713	5599	8827	11542	13994	17962	22653	25636	20600
9. Singapore	514	346	519	863	1059	1228	1484	1486	1133	969	1621	2347	3003	5844	8684	9982	12907	18342	29632	26231
10. Korea, Republic of	849	1063	1238	2647	2481	3398	3613	4385	4226	4061	5060	5143	7054	10484	13997	16531	17675	17520	20092	23661

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### INDIA'S EXPORT TO CHINA

India's total export from 1990 to 2008 shows consistent growth and there was a downfall in 2009. In 1990 India's total export was 17813 million US \$ and it increased consistently till 2008. India had total export of 177700 million US \$ in 2008 and it came down to 161997 million US \$ in 2009. India's major export goes to United States of America. In 1990 India's export to USA was 2694 million US \$ and it increased to 20852 million US \$ in 2008. In 2009, it came down to 20039 million US \$. In 2008 and 2009 India's Export to United Arab Emirates is higher than USA. In 2008 Export to UAE was 21848 million US \$ whereas for USA was 20852 million US \$. In 2009 export to UAE increased to 21919 million US 0\$ whereas for USA it came down to 20039 US \$.



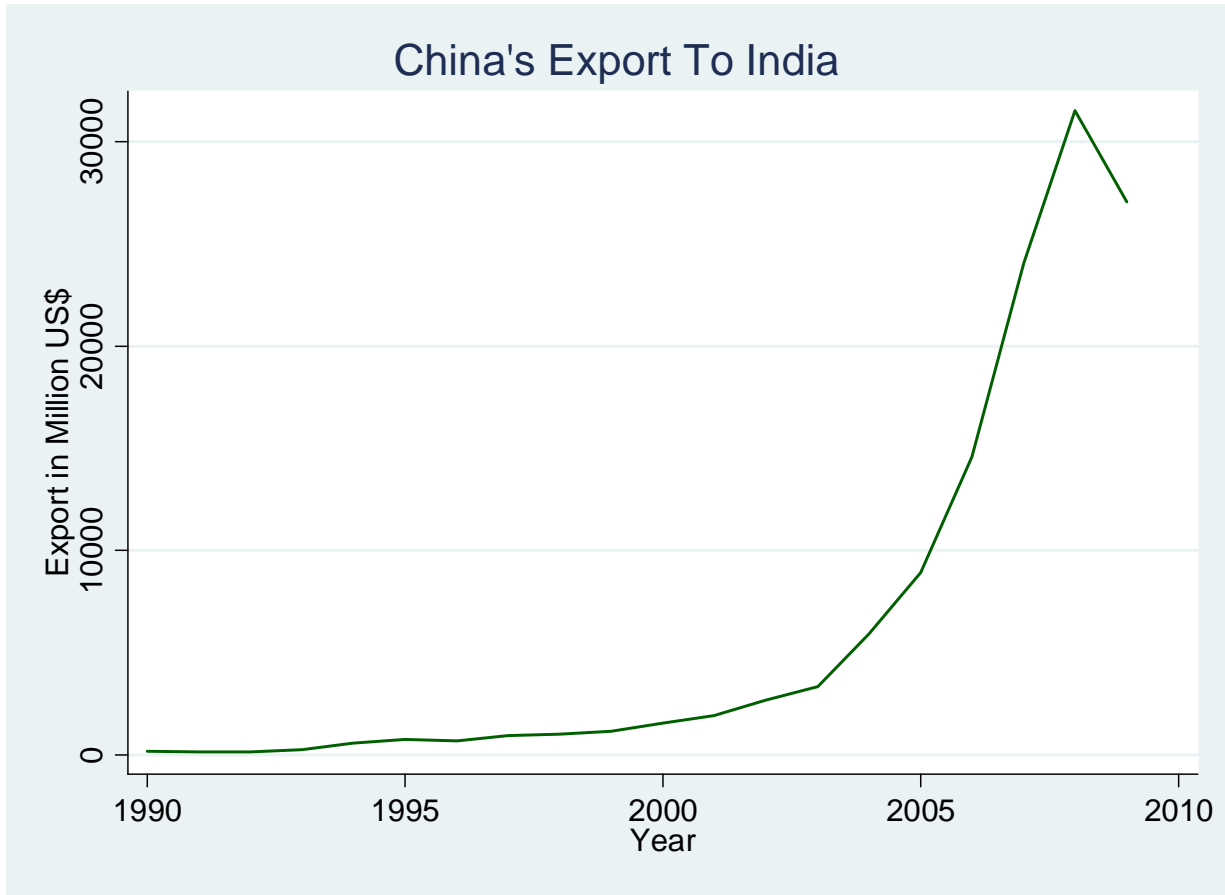
Graph below shows India's export to China. India in 1990 exports to china worth 18 million US\$. In gradually increased and in 2007 it was 10195 which is the highest. When global recession occurred India's export to China came down and in 2009 it was 8927 million US\$.

### CHINA'S EXPORT TO INDIA

China's total export in 2009 increased nearly 20 times when compared to 1990. In 1990, china's total export was 62760 million US\$ and it increased to 1260680 million US\$ in 2009. , There



was a constant growth in China’s total export. In 1990, china exported largely to Hong Kong china and Japan. By 1999 China’s export to United States of America increased higher than export to Hong Kong China. In 2009, China export largely to United States of America followed by Hong Kong China. China’s export to India in 1990 was 173 million US\$ and it consistently increased to 31517 million US\$ till 2008. In 2009, it fall down to 27053 million US\$. Graph below shows that after, 2005 export to India from China increased much higher when compared to previous years and there was a down fall in 2009.



**COMPARATIVE BACKGROUND OF EXPORTS IN INDIA AND CHINA**

Graph below shows the total exports of India and China from 1990 to 2010.



It clearly shows that china’s total export lies far higher than India. In 1990, difference in exports was smaller between these two countries. In 1990, India and China’s total exports was 17813 million US \$ and 62760 million US \$ respectively. After 1990, China dominated export market with its hand full of products. Its export increased tremendously that it reached the peak of 1429340 million US \$ in 2008. In case of India after globalization there was an increase in exports but when comparing it with the growth of China it was very small. In 2008, India’s total export was 177700 million US \$. China’s growth in export was exponential whereas India’s growth in export was steady. China growing at fast rate and also its export came down when there was recession. In case of both up and down were steady.

**CHINA’S IMPORT**

China’s import also increased in parallel to its export. China’s total import in 1990 was 53810 million US \$ and it increased consistently to 1131920 million US \$ in 2008. In 2009 it came down to 1023160 million US \$. China’s major import was from Japan. In 2009, China imported from Japan worth 125309 million US \$. Next to Japan it imported more from Republic Of Korea



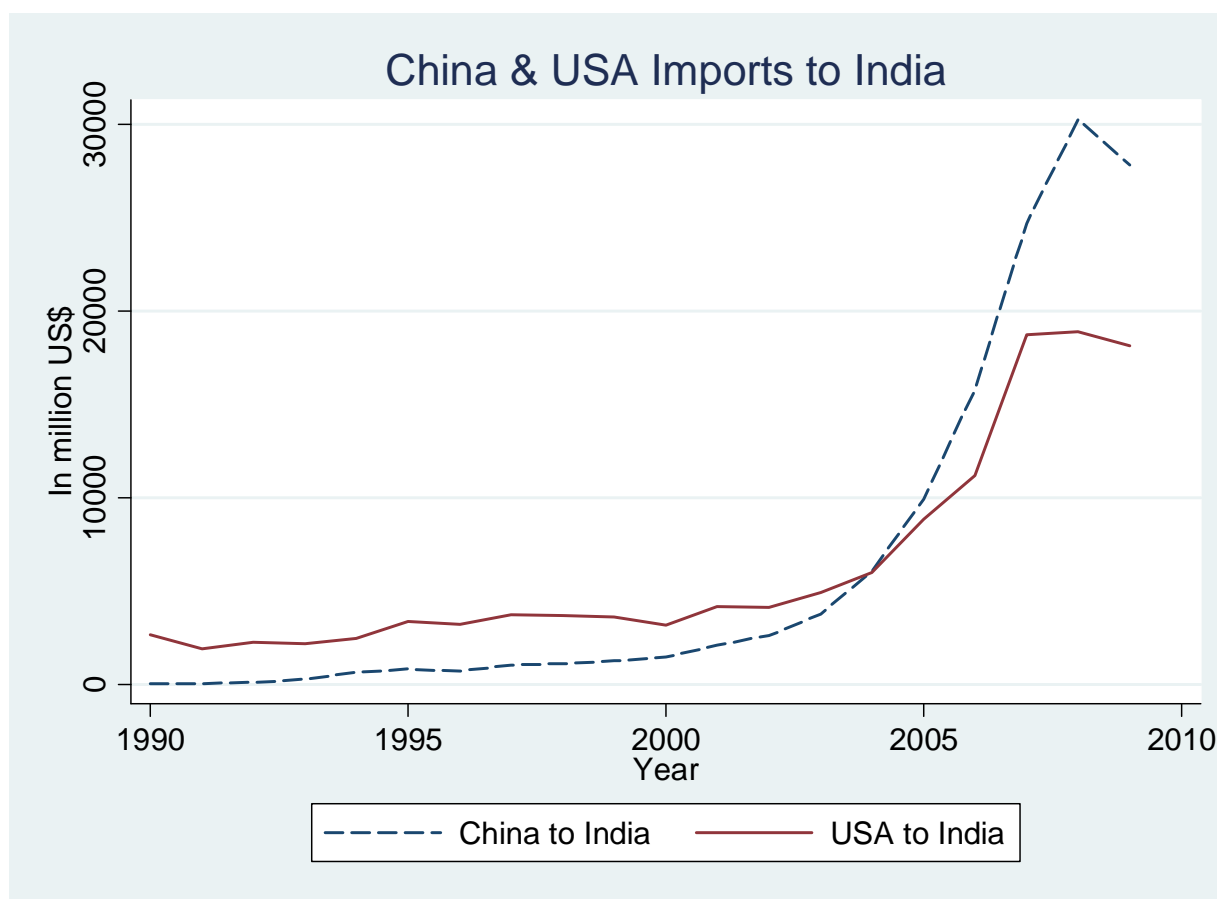


followed by USA. In 2009, 92760 million US \$ and 78219 million US \$ worth imports came to China from Republic Of Korea and United States of America respectively. India was not even in a list of top ten import list of china.

### INDIA'S IMPORT

India's import also shows consistent growth in its import from 1990 to 2008. There was a downfall in import during recession from 2009 onwards. In 1990, India's total import was 23991 million US \$ and it increased to 281467 million US \$ in 2008. In 2009, it came down to 247003 million US \$. In 1990.

Graph below shows India's import from China and USA.

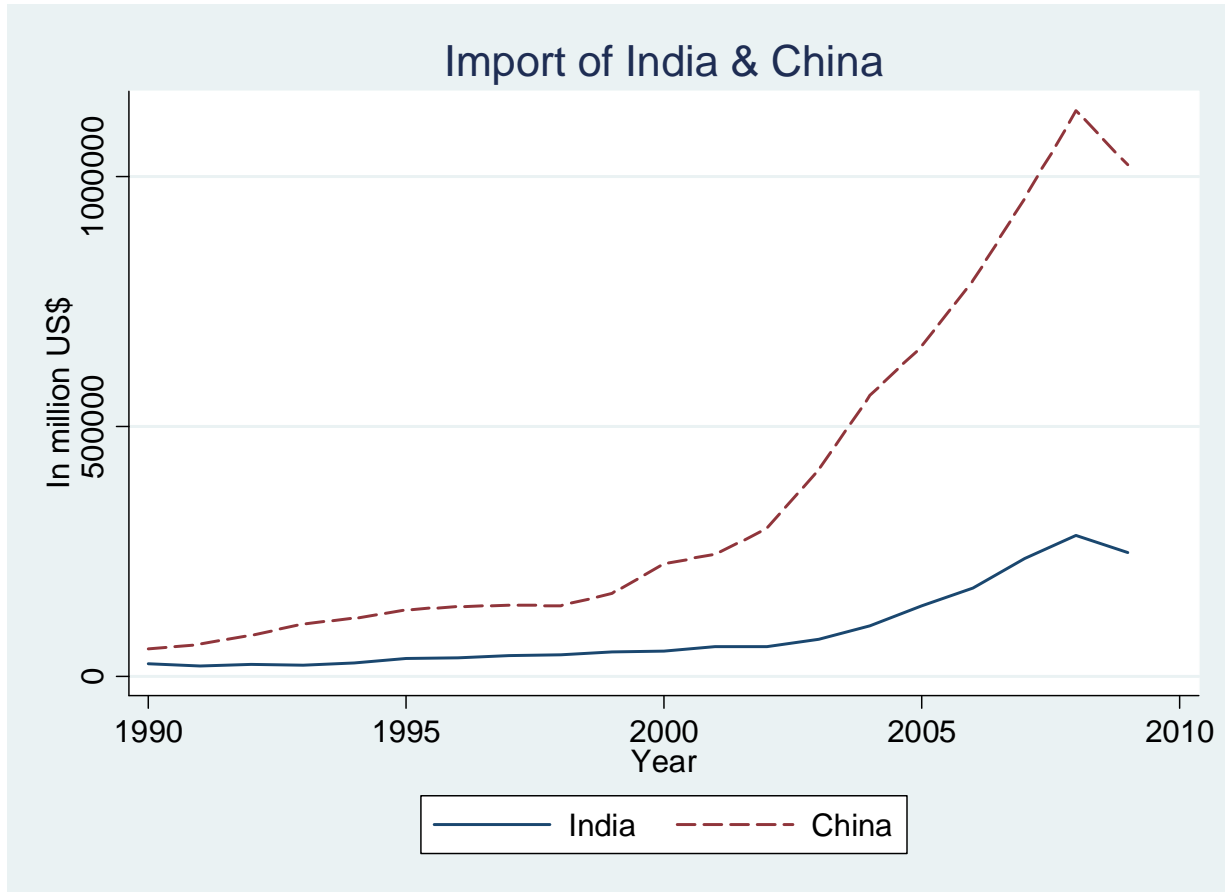


India's major import was from United States of America. It Imported 2635 million US \$ worth goods from USA in 2009. But in 2009 it came down and import from China became higher. In 2009, India's major import changed to china. 27805 million US \$ worth import was taken from China in 2009. Oil exporting Gulf countries follows in 3<sup>rd</sup> and 4<sup>th</sup> position. Import from Saudi Arabia was 12663 million US \$ and UAE was 12241 million US \$ in 2009.



**COMPARATIVE BACKGROUND OF IMPORTS IN INDIA AND CHINA**

Graph below shows the total import of India and China from 1990 to 2009.



Like exports, there was a huge difference in import value of these two countries. Initially in 1990, gap between these two countries was small and widened in 2008. In 2009, both countries reduced their imports due to crisis. It is an interesting fact to observe that China's import from India is very less that it was not even in its top list whereas India's major import at present is from China only. We can get a view that India's import was better when compared to china. But when we look at the difference between Import and export values of these two countries China had favourable balance of trade whereas India had adverse balance of trade.

The study shows that India's export to China is much lower than China's export to India whereas India's import from China is much higher than China's export from India. When we look at the balance of trade, China has positive trade balance whereas India has adverse balance of trade. When we look at total exports and imports of both the countries in a comparative background, china lies predominantly higher in both the cases. Hence the trend shows us that the situation

