

Challenges and Strategies Towards Increase of India's Share in Global Trade

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Abstract

Present, India's trade landscape is at transformation stage which is strongly affect by the geopolitics, global technology, trade policies and sustainable priorities. Understanding of global patterns and framing suitable strategies will result in achievement of strongly economic sustainability and upper middle income country by 2030 and as a developed country by 2047. However, this targets are accelerated since 2014 with great initiation of NDA government such as Atmanirbhar Bharath, start-up and Stand up India, make in India etc. These strategies help the country to reach its share in global trade significantly and generate resources to sustain higher level of capital formation. Present, India, can boost its share in global trade by more FTAs, PPT, effective utilization of demographic dividend, product and market diversification and restructuring of services through unbundling.

Key words: *foreign trade; global trade; strategies for foreign trade*

1. Introduction

The role of trade is very unremarkable in the growth of the Indian economy in achievement of fourth largest economy in the world. The integration of Indian economy with world economy is very crucial in boosting of exports, huge inflow of foreign investments and achievement of innovation in technology. The share of foreign trade to GDP was tremendously increased during post reforms period than earlier such as 15 percent in 1980 to 46 percent in 2024 (RBI Reports). The role of trade is very significant in achievement of twin socio-economic objectives of sustainable economic development and "Vikas Bharath" of the nation by the end of 2047. The growth of trade gives many advantages to the country such as employment generation, promotion of entrepreneurship and increase global presence and influence.

Present, India's trade landscape is at transformation stage which is strongly affect by the geopolitics, global technology, trade policies and sustainable priorities. It is very essential to adopt the global changes and move in the direction to face the global competitiveness and resilient in global markets. It is observed that some factors act as key drivers in trade transformation of the country they included leveraging of demographic dividend, services restructuring, diversification of exports and markets, production fragmentation, monopoly reduction and promotion of inclusive growth. Understanding of global patterns and framing suitable strategies will result in achievement of strongly economic sustainability and upper middle income country by 2030 and as a developed country by 2047.

India's trade is well established with inclusive growth, in job creation, innovation and stability in price which are global trade development implications. India's foreign trade has witnessed for remarkable transformation in recent past, and very strong by strategic policies, infrastructural advancement and increase in private sector role in

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entrepreneurship in the economy. Present, government of India initiations towards development of digital infrastructure, PLI schemes, Make In India, Made in India and start up and Stand up India all these are made India's rank in ease of doing business. Present, India's fixed its foreign trade targets worth of two trillion dollars by the end of 2030. This possible to large shift in present foreign trade landscape and navigating the challenges such as geo-political tensions and framing of climate driven regulatory challenges.

2. India's Share In Global Trade

India's share in world trade reached to 2.8 percent by end of 2024 which is double in last five years (2020) i.e. 1.5 in 2020. India ranks 9th in total world exports with share of 2.61 percent while chine stood at first rank with 11.76 percent, USA 2nd rank with 10.22 percent, Germany 3rd with share of 6.57 percent. On the other hand, India ranked 7th as world largest importer while, USA stood first rank, China second and Germany third. The total imports in India stood at 7202.41 billion dollars by the end of 2025. The major import products constitute of petroleum, crude & products with 25.78 which is one fourth of the total imports. Thereafter, electronic goods 13.70 % and gold constitute around eight percent. These three products together constitute 46 percent which is nearly half of the total imports. On the other hand, in total exports in India are worth of reached to 4374.15 billion dollars by end of 2025. The major exporting products included engineering goods which constitute 26.65 percent followed by petroleum products 14.47 percent which together accounts to 40 percent in total exports. The study on direction of trade in India reveals interesting facts. India is exporting 50 percent of its total exports to OECD countries i.e. European and north American countries followed by the Asian countries 17.76 percentage. Similarly, around 34.47 percent of products importing from Asian countries followed by OECD countries 29.19 percentage.

The strong points support and push the foreign trade of the country included, having 640.90 USD which are sufficient to meet 10 months imports and 90 percent of external debt by the end of 2024. There is significant rise in FDI inflow into the country from 47.20 USD in 2024 to 55.60 USD in 2025 which is 17.90 % over previous year. This implies that, the in total debt 82 percent is from internal source. The share of external debt to GDP is stood at 19.40 % over last few years which indicate stability in external debt over the years. This also indicates that, global investor's opinion on Indian economy as safe and importance investment destination in emerging nations and world.

3. Challenges Towards Increasing India's Global Trade Towards Global Trade

3.1 Low Share in Global Trade

Before Britishers rule India was global hub for manufacturing with more than 20 percent share in total industrial hub. Therefore, under the Britishers rule it was drop to less than two percent which totally collapsed India global leader position. However, in 2000 year it was less than one percent and increased to 1.8 percent by the end of 2018. This is very lowest in world trade this is one of the major challenges to be addressed.

3.2 Heavily Global Competition

India is facing major competition from the China in exporting of physical goods and Singapore from the services. In milk exports, India facing competition from New Zealand, Germany, US and Netherlands. In software exports, China, Vietnam, Singapore and Philippines are major competitors. In exports of electronic goods, Saudi Arabia, UAE and Brazil are giving major competition to Indian products.

3.3 High Trade Cost And Tariffs

In India trade cost and tariffs is relatively higher than other emerging countries which is restricting its trade basket to few goods and countries. This shows negative impact on importing of raw material required to produce export oriented goods. The high tariffs also pushing the cost of goods at higher level which are not competitive in nature.

3.4 Geo-Political Tensions

In recent past, geo-political tensions such as wars, terrorism and public allegations against governments, military ruling in the countries causes unnecessary tensions in world. These situations increase uncertainty in global trade relations and pushed the cost of the products etc. The war between Ukraine-Russia, Israel and Palestine are some example of these. The globalization to nationalization and localization is another geo-political situation threatening global trade.

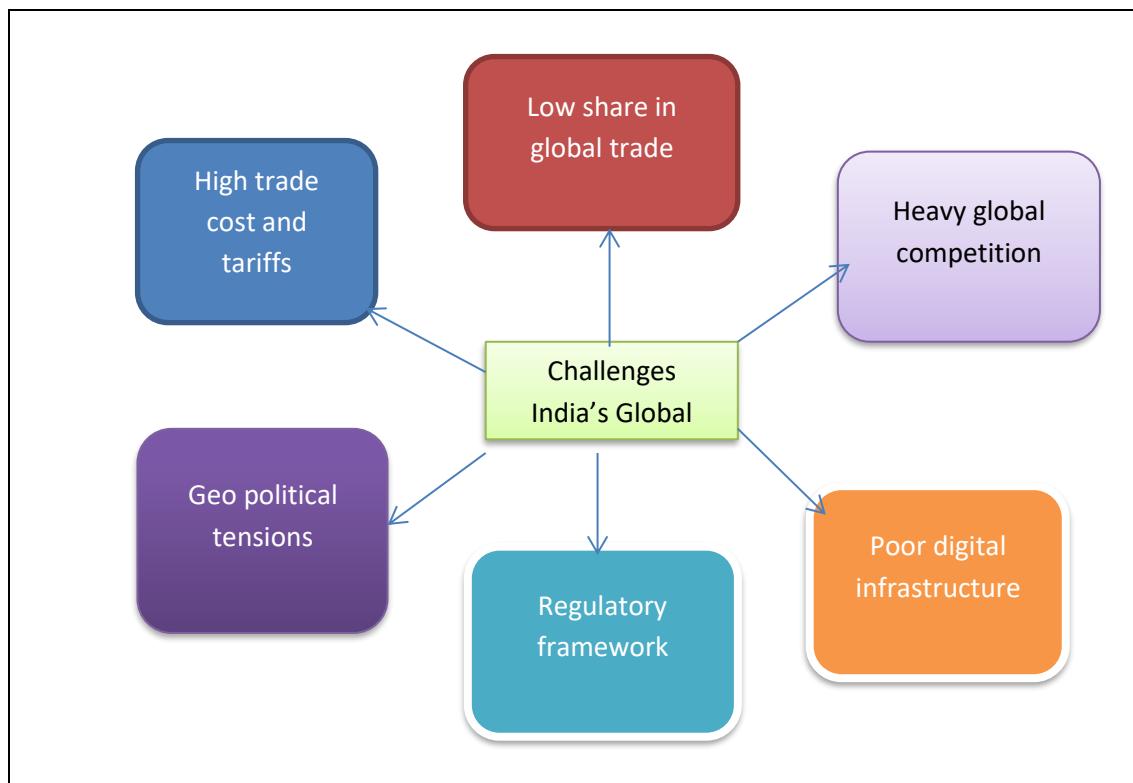
3.5 Regulatory Framework Towards Climate Sustainability

To achieve the targeted global trade position by the end of 2030 and 2047 India has to focus on the production and manufacturing activities which may hamper the climate severely. To protect the climate and promote the foreign trade government of India has to frame very sustainable regulatory framework which is very challenging task.

3.6 Poor Digital Infrastructure

India's digital infrastructure is very poor and acting as major bottle neck in promotion of foreign trade. The digital infrastructure will help the trade to receive the orders earlier and make payment very convenient and cost effective. This also help to get trade finance at effective interest rate and faster than traditional infrastructure system.

Image 01: Challenges in boosting of India's share in world trade



4. Strategies towards Promotion of India's Share in Global Trade

4.1 Free Trade Agreements

India has to focus on the formation and execution of more preferred Trade Agreements (PTA), Free Trade Agreements (FTA) and Comprehensive economic cooperation agreement (CECS) with global countries and trade blocks and has

to frame forward looking strategic trade road map which leverages its strength. Since 2003, India has PTAs with Afghanistan and Chile, FAT with three countries Sri Lanka, Thailand and UK and CECA with seven countries namely Australia, Japan, Malaysia, Mauritius, Singapore, South Korea and UAE. India has trade agreements with global trade blocks such as ASEAN, Mercosur, South Asia and EFTA. However, still free trade agreement deals with more trade blocks and countries are under negotiations. Once, these all negotiations get success, they boost India's share in global trade more higher level.

4.2 Public and Private Partnership

The study found that, In India the contribution of both private and public sector should be significant in promotion of quality products and services with more efficient. It more private and public collaborative works helps in more using of private capital and promotion and management of trade-related infrastructure and services. It also helps in development of trade infrastructure facilities, innovation of new products and services, supply chain management and accessing of private sector expertise. This also helps in sharing and reducing the risk of business with private people.

4.3 Increase Global Competitiveness

To increase the India's share in global trade it has to focus on reduction of trade cost and to improve trade facilities which in order increase the export competitiveness: In India present trade facilities in India is very strong with different aspects such as free trade policy, interest equalization scheme, remission of duties, export hubs, market access initiative, trade infrastructure export schemes, digital platforms and Special Economic Zones etc.

4.4 Product and Market Diversification

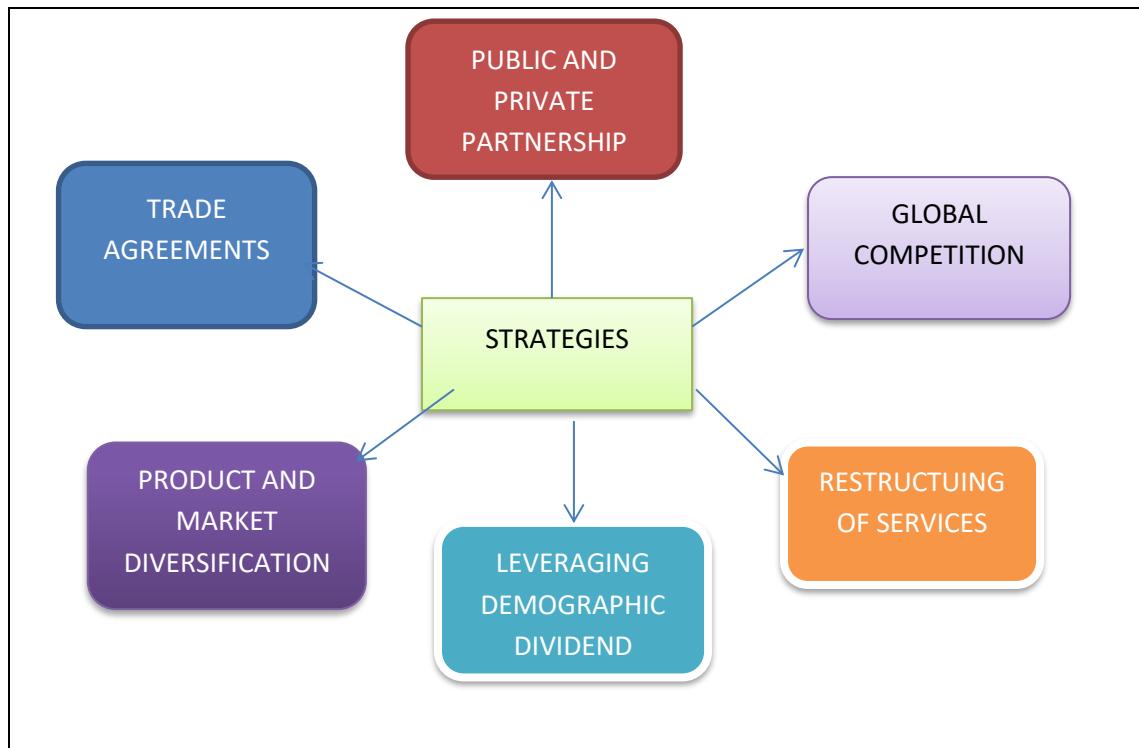
The diversification of products and markets is another strategy for boosting of India's share in foreign trade. The product diversification included addition of new innovative products to the existing product basket to export to the various countries. In this regard, country should focus on availability of material, cost, export ways, demand for the products and services etc. Besides, market diversification should be added by reducing market concentration. This means country should not export and import products heavily from the few countries to large countries this avoid the risk of concentration.

4.5 Leveraging Demographic Dividend

In the present world, India is the only country having great advantage of demographic dividend which means more than half of the population is under working age of 15-60 years. No other country in the world has this much of working age segment in their population. Thus, India should use this population in better way to boost its economy and foreign trade. The programmes like start up India stand up India, make in India, Atmanirbhar Bharat etc. help to direct this young population towards entrepreneurship from just employment.

4.6 Restructuring of Services through Unbundling

Restructuring services through unbundling is a business strategy that involves separating integrated services or product offerings into their individual components to sell them separately, often to improve performance, increase efficiency, or meet evolving customer demands for customization. This strategy creates specialized entities from formerly bundled offerings, allowing for focused operations, increased competition, and greater market flexibility.

Image 02: Strategies for boosting of India's share in world trade

5. Conclusion

Before Britishers rule, India was king of foreign trade with its high quality products like jewelers, cotton, cloths and medicines. However, with entry of Britishers it loses its share due to anti-manufacturing policies of Britishers. After independence, India again focused on the achievement of significant share in global trade but improved not much due to poor technical up gradation, agriculture based economy, low skilled poor, no government support, poor entrepreneurship, low education etc. But, after, initiation of economic reforms, trend was reversal. However, this was further accelerated since 2014 with great initiation of NDA government such as Atmanirbhar Bharath, start-up and Stand up India, make in India etc. These strategies help the country to reach its share in global trade significantly and generate resources to sustain higher level of capital formation. Present, India, can boost its share in global trade by more FTAs, PPT, effective utilization of demographic dividend, product and market diversification and restructuring of services through unbundling.

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