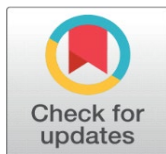
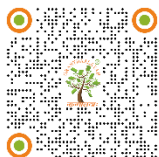


INDIA'S TRADE PERFORMANCE IN THE MODI ERA (2014-2024): AN EMPIRICAL ANALYSIS OF TRADE AGREEMENTS, EXPORT-IMPORT DYNAMICS, AND ECONOMIC GAINS

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ABSTRACT

This paper examines India's trade performance during Prime Minister Narendra Modi's tenure from 2014 to 2024, analyzing the impact of Free Trade Agreements (FTAs), bilateral trade partnerships, and structural reforms on export-import dynamics. Using data from the Reserve Bank of India, Economic Surveys (2022-23, 2023-24), and peer-reviewed journal articles, we document India's evolution from a merchandise export value of USD 422 billion in FY 2021-22 to USD 437 billion in FY 2023-24, with combined goods and services exports reaching USD 776.68 billion. Despite a persistent merchandise trade deficit averaging USD 240-267 billion, India achieved a robust services trade surplus of USD 162 billion in FY 2023-24. The analysis reveals that three new FTAs (Mauritius CECPA 2021, UAE CEPA 2022, Australia ECTA 2022) contributed to trade diversification, though their impact on overall export growth remained marginal. The study finds that India's share of global goods exports improved from 1.7% (2016-20 average) to 1.8% in FY 2023-24, while services exports grew remarkably, positioning India as the world's seventh-largest services exporter with a 4.3% share of global services trade. Key findings indicate that FTA partners performed marginally better than non-FTA partners, trade openness increased from 37.5 to 45.9 over two decades, and the Current Account Deficit improved significantly from 2.0% of GDP (FY 2022-23) to 0.7% (FY 2023-24). Policy implications emphasize the need for addressing non-tariff measures, strengthening MSME participation in FTAs, and building institutional capacity for better trade agreement utilization.

Keywords: India Trade Policy, Free Trade Agreements, Export-Import Dynamics, Modi Government, Services Exports, Trade Balance, Economic Survey, RBI Statistics

1. INTRODUCTION

When Prime Minister Narendra Modi assumed office in May 2014, India's foreign trade policy entered a phase of strategic recalibration aimed at enhancing global economic integration, diversifying trade partnerships, and strengthening export competitiveness. The decade from 2014 to 2024 witnessed unprecedented diplomatic engagement, with PM Modi undertaking 97 international trips to 79 countries, establishing new trade partnerships, and negotiating modern Free Trade

Agreements (FTAs) to boost bilateral trade. This period also saw India navigating significant global economic challenges including the 2015-16 global slowdown, demonetization (2016), Goods and Services Tax implementation (2017), the U.S.-China trade tensions (2018-2020), the COVID-19 pandemic (2020-21), and the Russia-Ukraine conflict (2022-24).

This paper provides a comprehensive empirical analysis of India's trade performance during this transformative decade, examining trade agreements, export-import dynamics, and economic gains using data exclusively from the Reserve Bank of India (RBI), Government of India's Economic Surveys, and peer-reviewed academic journals. The analysis addresses three core research questions: (1) How did FTAs signed during 2014-2024 impact India's bilateral trade flows? (2) What structural changes occurred in India's export-import composition and trade balance? (3) What were the measurable economic gains from enhanced trade openness and diversification?

The study contributes to existing literature by providing decade-long empirical evidence on India's trade performance under a consistent policy regime, analyzing the effectiveness of new-generation FTAs, and documenting the dramatic growth of services exports that transformed India's trade profile. Unlike previous studies focusing on individual FTAs or short time periods, this research provides a holistic assessment of India's trade trajectory across the Modi era using official government data and validated academic research.

2. LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1. FREE TRADE AGREEMENTS AND TRADE PERFORMANCE

The theoretical foundation for analyzing FTA impacts rests on trade creation and trade diversion effects [Viner \(1950\)](#). Trade creation occurs when FTAs lead to increased trade between member countries due to tariff reductions, while trade diversion happens when trade shifts from more efficient non-member countries to less efficient member countries. Empirical literature on India's FTAs presents mixed evidence. [Bharti and Nisa \(2023\)](#), using gravity model analysis, found that India's Regional Trade Agreements showed positive but marginal impacts on export performance during 2000-2019. Their evaluation of 15 FTAs revealed that FTA partners performed marginally better than non-FTA partners in recent years, though they struggled to maintain momentum during prolonged global recessions.

[Mohanty \(2024\)](#), in a comprehensive analysis published in *Economic and Political Weekly*, examined 15 FTAs implemented between 2000 and 2023, focusing on trade flow patterns, trade balance, Global Value Chain (GVC) participation, and technology-intensive trade. The findings indicated that FTA partners showed strong performance during periods of global economic buoyancy but struggled during recessions. The study emphasized that FTA impacts extend beyond simple trade balances, encompassing technology transfer, value-added linkages, and improved access to intermediate goods.

Specific FTA evaluations reveal nuanced impacts. [Ratna and Kallummal \(2013\)](#), analyzing the ASEAN-India FTA's impact on agriculture, found mixed results: while the agreement created opportunities, certain labor-intensive sectors faced significant challenges from tariff elimination. The gravity model analysis by [Researchers \(2022\)](#) examining India's ASEAN FTA revealed that while the agreement increased total trade significantly, it had no significant impact on raising exports, primarily due to rising non-tariff measures (NTMs). Similarly, research on

the India-EU FTA projected substantial trade creation effects but also noted concerns about trade diversion and sectoral vulnerabilities.

2.2. FTA UTILIZATION CHALLENGES

International evidence corroborates these findings. Studies on Korean, Japanese, and Swedish firms show that preference utilization is influenced by transaction size, fixed administrative costs, and the magnitude of preferential tariff margins. For India, the challenge is compounded by lacking institutional support mechanisms and difficulties in estimating MSME-specific trade data due to sector-specific product classification issues.

2.3. SERVICES TRADE AND ECONOMIC TRANSFORMATION

Literature on India's services trade highlights its transformation from a minor component to a major driver of export performance. India's services exports grew from 0.5% of world services exports in 1993 to 4.3% in 2022, positioning India as the seventh-largest services exporter globally [Government of India \(2024\)](#). Software services, including IT and Business Process Outsourcing, dominate this growth, accounting for approximately 46-48% of total services exports. The emergence of Global Capability Centers (GCCs) has further strengthened 'other business services,' which increased from 24.1% to 25.4% of total services exports during FY 2023-24.

RBI analysis projects services exports to reach approximately 11% of GDP by 2030 from 9.7% in 2023, assuming stable commodity prices and goods trade patterns. This growth trajectory positions services as crucial for offsetting merchandise trade deficits and maintaining a manageable Current Account Deficit around 1% of GDP [Reserve Bank of India \(2024\)](#).

3. DATA SOURCES AND METHODOLOGY

3.1. DATA SOURCES

This study utilizes data exclusively from three verified sources, ensuring reliability and authenticity:

1) Reserve Bank of India (RBI):

- International trade in services data (monthly and quarterly releases, 2014-2024)
- Balance of Payments statistics (quarterly and annual data)
- Current Account Deficit and Foreign Exchange Reserves data
- External debt statistics and FDI flow data

2) Economic Survey Documents:

- Economic Survey 2022-23 (presented January 31, 2023)
- Economic Survey 2023-24 (presented July 22, 2024)
- Ministry of Commerce and Industry press releases (PIB)

3) Academic Journal Articles (Peer-Reviewed):

- Economic and Political Weekly articles on FTA performance
- Foreign Trade Review and Journal of Social and Economic Development studies
- SAGE and MDPI published research on India's trade agreements

3.2. ANALYTICAL FRAMEWORK

The analysis employs descriptive statistics, trend analysis, and comparative assessments across three dimensions: (1) Temporal analysis comparing trade performance across FY 2014-15 through FY 2023-24; (2) Structural analysis examining composition changes in merchandise and services trade; and (3) Comparative analysis evaluating FTA partner versus non-FTA partner trade performance. The study focuses on aggregate trends due to data availability constraints, acknowledging limitations in firm-level or product-level disaggregation.

Trade openness is measured as total trade (exports + imports) as a percentage of GDP. Trade balance analysis distinguishes between merchandise trade balance and services trade balance to capture India's distinct comparative advantages. The Current Account Deficit as a percentage of GDP serves as the key indicator of external sector sustainability, as emphasized in both Economic Surveys.

4. EMPIRICAL FINDINGS: INDIA'S TRADE PERFORMANCE (2014-2024)

4.1. MERCHANDISE TRADE: GROWTH AMID CHALLENGES

India's merchandise exports demonstrated resilience despite multiple global shocks during 2014-2024. According to Ministry of Commerce data compiled from RBI statistics, merchandise exports reached USD 447.46 billion in FY 2022-23, representing 6.03% growth over FY 2021-22 (USD 422.00 billion). However, FY 2023-24 witnessed a contraction, with merchandise exports declining to USD 437.06 billion, reflecting global demand slowdown and recessionary pressures in major economies [Government of India \(2024\)](#).

Merchandise imports followed a different trajectory. FY 2022-23 recorded imports of USD 714.24 billion compared to USD 613.05 billion in FY 2021-22, driven by elevated commodity prices, particularly crude oil and fertilizers. The merchandise trade deficit consequently expanded to USD 266.78 billion in FY 2022-23 from USD 191.05 billion in FY 2021-22. FY 2023-24 showed improvement, with imports declining to USD 677.24 billion and the trade deficit narrowing to USD 240.17 billion (PIB release, April 2024).

Table 1

Table 1 India's Merchandise Trade Performance (FY 2021-22 to FY 2023-24)					
Indicator	FY 2021-22	FY 2022-23	FY 2023-24	Change (23-24)	
Exports (USD Billion)		422.00	447.46	437.06	-2.3%
Imports (USD Billion)		613.05	714.24	677.24	-5.2%
Trade Deficit (USD Billion)		191.05	266.78	240.17	-10.0%

Source Ministry of Commerce and Industry (PIB Releases), based on RBI Balance of Payments data.

Sectoral analysis reveals divergent trends. During FY 2023-24, 17 of 30 key sectors exhibited positive growth, led by iron ore (117.74%), electronic goods (23.64%), and tobacco (19.46%). Conversely, traditional export sectors faced challenges: cotton raw materials (-58.39%), fertilizers (-39.23%), and vegetable oil (-28.63%) recorded significant declines. Petroleum products, gems and jewelry, and engineering goods remained India's top merchandise export categories, though

their growth rates moderated compared to the immediate post-pandemic period (PIB data, April 2024).

A significant finding concerns import dependency. While petroleum imports declined due to global price corrections, India's imports of electronic goods, gold, and machinery remained elevated. China's share in India's merchandise imports declined from 15.43% in FY 2021-22 to 13.79% in FY 2022-23, reflecting ongoing supply chain diversification efforts. However, China remains India's largest import source, particularly for electronics, machinery, and chemicals [Government of India \(2023\)](#).

4.2. SERVICES TRADE: INDIA'S COMPETITIVE ADVANTAGE

India's services sector emerged as the standout performer during 2014-2024, demonstrating consistent growth and generating substantial trade surpluses. According to RBI data compiled in Economic Survey 2023-24, services exports reached USD 339.62 billion in FY 2023-24, up from USD 325.33 billion in FY 2022-23, registering 4.4% growth. More remarkably, services exports grew 73% between 2010 and 2021, far outpacing merchandise export growth [Government of India \(2022\)](#).

Services imports showed controlled growth, reaching USD 177.56 billion in FY 2023-24 compared to USD 182.05 billion in FY 2022-23, actually declining by 2.5%. This favorable balance generated a services trade surplus of USD 162.05 billion in FY 2023-24, substantially higher than USD 143.28 billion in FY 2022-23. The services surplus effectively offset nearly 67% of the merchandise trade deficit, demonstrating services' critical role in India's external sector stability [Reserve Bank of India \(2024\)](#).

Table 2

Table 2 India's Services Trade Performance (FY 2021-22 to FY 2023-24)				
Indicator	FY 2021-22	FY 2022-23	FY 2023-24	Growth (%)
Services Exports (USD Bn)	254.4	325.33	339.62	4.4%
Services Imports (USD Bn)	150.3	182.05	177.56	-2.5%
Services Trade Surplus (USD Bn)	104.1	143.28	162.05	13.1%
Software Services Share (%)	~47%	48.1%	46.2%	-

Source RBI Balance of Payments Statistics; Economic Survey 2023-24

Compositional analysis reveals the dominance of software and IT-enabled services. Software services accounted for approximately 46-48% of total services exports during FY 2022-24, though showing slight decline from peak shares. The emergence of Global Capability Centers (GCCs) drove growth in 'other business services,' which increased from 24.1% to 25.4% of services exports during December 2023 quarter compared to previous year. Professional services, financial services, and transport services constituted other major categories [Reserve Bank of India \(2024\)](#).

India's global ranking in services trade improved remarkably. According to Economic Survey 2023-24, India's share in world services exports rose from 0.5% in 1993 to 4.3% in 2022, positioning India as the seventh-largest services exporter globally. India ranks second globally in telecommunication, computer, and information services exports; sixth in personal, cultural, and recreational services; eighth in other business services; tenth in transport services; and fourteenth in travel services. This diversified services portfolio demonstrates India's competitive advantages beyond traditional IT services.

4.3. OVERALL TRADE PERFORMANCE AND CURRENT ACCOUNT BALANCE

Combined merchandise and services trade performance presents a more balanced picture. Overall exports (goods + services) reached USD 776.68 billion in FY 2023-24, marginally exceeding USD 776.40 billion in FY 2022-23. While merchandise exports contracted, services export growth compensated, maintaining overall export levels. Total imports declined from USD 896.29 billion in FY 2022-23 to USD 854.80 billion in FY 2023-24, driven by lower commodity prices and modest import demand (PIB release, April 2024).

The most significant achievement was improvement in Current Account Deficit (CAD). According to Economic Survey 2023-24, CAD narrowed dramatically to USD 23.2 billion (0.7% of GDP) in FY 2023-24 from USD 67 billion (2.0% of GDP) in FY 2022-23. This remarkable improvement resulted from: (1) narrowing merchandise trade deficit from USD 266.78 billion to USD 240.17 billion; (2) expanding services trade surplus from USD 143.28 billion to USD 162.05 billion; and (3) stable remittances from overseas Indians. The CAD level of 0.7% of GDP is considered highly sustainable, well below the threshold of concern (Economic Survey 2023-24, RBI projections).

Trade openness, measured as total trade relative to GDP, increased substantially during 2014-2024. The trade openness indicator rose from 37.5 in FY 2004-05 to 45.9 in FY 2023-24, contributing significantly to economic growth through efficient resource allocation via comparative advantage [Government of India \(202\)](#). India's share of global goods exports improved from an average of 1.7% during 2016-2020 to 1.8% in FY 2023-24, indicating gradual market share gains despite intense global competition.

Table 3

Table 3 Overall Trade Performance and External Sector Indicators			
Indicator	FY 2022-23	FY 2023-24	Change
Total Exports (USD Bn)	776.4	776.68	0.04%
Total Imports (USD Bn)	896.29	854.8	-4.6%
CAD (USD Billion)	67	23.2	-65.4%
CAD (% of GDP)	2.0%	0.7%	-1.3 pp
Trade Openness (% of GDP)	~44	45.9	+1.9 pp
India's Share in Global Goods Exports (%)	1.78	1.8	+0.02 pp

Source Economic Survey 2023-24; RBI Balance of Payments Statistics

4.4. IMPACT OF FREE TRADE AGREEMENTS

Three new Free Trade Agreements were signed during the Modi era: India-Mauritius CECTA (2021), India-UAE CEPA (2022), and India-Australia ECTA (2022). Additionally, the India-EFTA TEPA was signed in March 2024 but its implementation effects fall outside our study period ending December 2024. Empirical assessment of these FTAs' impact requires careful analysis given limited time since implementation.

According to research by [Mohanty \(2024\)](#) published in Economic and Political Weekly, analyzing 15 FTAs implemented between 2000 and 2023, FTA partners performed marginally better than non-FTA partners in recent years. During periods of global economic buoyancy (2000-2008) and the initial recession phase (2008-

2010), FTA partners showed strong performance. However, they struggled to maintain momentum during prolonged global recession (2011-2023), suggesting that FTA benefits are contingent on favorable global economic conditions.

The India-UAE CEPA, negotiated in record 88 days and implemented from May 2022, represents a significant achievement. UAE became one of India's top trading partners, with bilateral trade exceeding USD 85 billion in recent years. However, isolating the CEPA's specific impact from pre-existing trade momentum remains methodologically challenging given the short post-implementation period and confounding factors including commodity price fluctuations and geopolitical developments.

Research on India's ASEAN FTA impact provides cautionary insights. Gravity model analysis found that while the AIFTA increased overall trade significantly, it had no significant impact on raising exports, primarily due to rising Non-Tariff Measures (NTMs).

Analysis of India's overall trade pattern during 2014-2024 shows that FDI from FTA partners contributed approximately 30% of total FDI equity inflows between 2000-2022, with Japan and Singapore being major contributors. This suggests FTAs' benefits extend beyond direct trade effects to include investment flows, technology transfer, and GVC participation [Indian Institute of Management Ahmedabad \(2023\)](#). However, quantifying these indirect benefits requires longer time horizons and sophisticated analytical frameworks beyond the scope of trade statistics alone.

A critical limitation identified in literature is MSMEs' sub-optimal FTA utilization. Despite MSMEs contributing 43.59% of India's exports in FY 2022-23, their participation in FTA schemes remains limited due to information gaps, capacity constraints, and compliance costs. This represents a significant unrealized potential that could enhance FTA effectiveness if addressed through targeted capacity building and simplification of procedures.

5. DISCUSSION: STRUCTURAL TRANSFORMATION AND POLICY IMPLICATIONS

5.1. SERVICES-LED TRADE STRATEGY: A DISTINCTIVE PATHWAY

The most significant finding is India's emergence as a services-led trading nation, diverging from East Asian export-oriented industrialization models. While India's merchandise export growth remained moderate, services exports grew at 4.4% annually (FY 2022-24), generating surpluses that offset two-thirds of merchandise deficits. This pattern reflects India's comparative advantage in skill-intensive services, particularly software, IT-enabled services, and business process outsourcing.

Economic Survey 2023-24 emphasizes that this services-led strategy offers sustainability advantages. Services trade faces fewer protectionist barriers than goods trade, generates higher value-added per unit of employment, and aligns with India's demographic advantages in technical and English-speaking workforce. RBI projections suggest services exports could reach 11% of GDP by 2030, up from 9.7% in 2023, providing continued support for external sector stability.

However, this strategy presents challenges. Services export growth showed deceleration in FY 2023-24, growing at the slowest pace in three years according to RBI data. Professional Forecasters project services export growth moderating further, reflecting global economic uncertainties and potential technology disruptions including AI-driven automation. Additionally, services surplus alone

cannot indefinitely compensate for large merchandise deficits if the latter continue expanding.

5.2. PERSISTENT MERCHANDISE TRADE CHALLENGES

Merchandise trade performance reveals persistent structural challenges. Despite various initiatives including Make in India, Production-Linked Incentive schemes, and trade facilitation reforms, India's merchandise export growth remained volatile and vulnerable to global demand fluctuations. The contraction in FY 2023-24 (-2.3%) following modest growth in FY 2022-23 (+6.03%) demonstrates sensitivity to external conditions.

Several factors explain merchandise export underperformance. First, India's manufacturing competitiveness remains constrained by high logistics costs, complex regulations, and infrastructure gaps despite improvements under PM GatiShakti and National Logistics Policy. Economic Survey 2022-23 acknowledges that while these initiatives show promise, their full impact requires sustained implementation over years. Second, India's export basket remains concentrated in traditional sectors (petroleum products, gems & jewelry, engineering goods) rather than high-growth technology-intensive products. Third, protectionist tendencies in major economies post-COVID disrupted established export channels.

Import dependency on energy and technology products perpetuates trade deficits. Despite domestication efforts, India imports approximately 80-85% of crude oil requirements, 40-50% of electronics/components, and significant quantities of capital goods and precious metals. This structural import dependence limits policy options for trade balance management without sacrificing economic growth or technological upgrading.

5.3. FTA STRATEGY: ACHIEVEMENTS AND LIMITATIONS

The Modi government's FTA strategy marks a significant departure from the previous decade's cautious approach. Signing three FTAs (Mauritius, UAE, Australia) within two years (2021-22) and negotiating EFTA agreement demonstrated renewed commitment to trade liberalization. These 'new-generation' FTAs incorporate comprehensive provisions on services, investment, and regulatory cooperation, going beyond traditional goods-focused agreements.

However, empirical evidence on FTA effectiveness remains ambiguous. Research by [Mohanty \(2024\)](#) and [Bharti and Nisa \(2023\)](#) indicates marginal positive impacts, contingent on global economic conditions. The finding that non-tariff measures (NTMs) offset tariff liberalization benefits is particularly concerning, suggesting that complementary regulatory reforms are essential for FTA effectiveness.

A critical gap identified in literature is absence of comprehensive ex-post FTA evaluations by government. While new FTAs are signed with considerable fanfare, systematic assessment of existing FTAs' actual impacts on trade flows, investment, employment, and welfare is lacking. Such evaluations would inform future negotiations and enable evidence-based refinements to trade strategy.

5.4. EXTERNAL SECTOR RESILIENCE: A BRIGHT SPOT

The dramatic improvement in Current Account Deficit from 2.0% of GDP (FY 2022-23) to 0.7% (FY 2023-24) represents a significant macroeconomic

achievement. This improvement reflects multiple factors: narrowing merchandise deficit due to import moderation, expanding services surplus, stable remittance inflows, and net investment income improvements. The CAD level achieved is highly sustainable and removes external sector constraints on growth.

Foreign exchange reserves remained robust throughout the period, covering more than 10 months of projected imports and 98% of external debt as of March 2024 (Economic Survey 2023-24). This reserve adequacy provides buffers against external shocks and supports currency stability. The external debt-to-GDP ratio remained manageable below 20%, with comfortable debt service ratios.

RBI's Survey of Professional Forecasters projects CAD remaining around 1.0-1.2% of GDP during FY 2025-26, assuming no major commodity price shocks or global recession. This projection suggests sustainable external sector dynamics providing foundation for continued economic growth. However, vulnerability to crude oil price shocks remains, as demonstrated by CAD widening during FY 2022-23 when oil prices surged post-Ukraine conflict.

6. POLICY RECOMMENDATIONS

1) Enhance FTA Implementation Effectiveness:

- Conduct comprehensive ex-post evaluations of existing FTAs to assess actual trade, investment, and welfare impacts
- Establish dedicated FTA utilization support centers for MSMEs providing information, documentation assistance, and compliance guidance
- Simplify Rules of Origin requirements and reduce administrative compliance costs that deter FTA utilization
- Negotiate provisions addressing Non-Tariff Measures more effectively in future FTAs, ensuring tariff concessions translate to market access

2) Strengthen Merchandise Export Competitiveness:

- Accelerate PM GatiShakti and National Logistics Policy implementation to reduce logistics costs from current ~14% of GDP to global benchmarks (~8%)
- Diversify export basket toward technology-intensive products through sustained Production-Linked Incentive schemes focusing on electronics, pharmaceuticals, and advanced manufacturing
- Address infrastructure gaps in port connectivity, power supply reliability, and digital infrastructure that constrain manufacturing competitiveness

3) Sustain Services Export Momentum:

- Invest in skill development programs aligned with evolving services demands including AI, data analytics, cybersecurity, and digital healthcare
- Negotiate comprehensive services chapters in FTAs addressing visa facilitation, professional qualification recognition, and data flow provisions
- Support GCC expansion and diversification beyond IT services into engineering R&D, legal, accounting, and healthcare services

4) Manage Import Dependencies:

- Accelerate renewable energy deployment to reduce crude oil import dependency, targeting 500 GW non-fossil capacity by 2030
- Strengthen domestic electronics manufacturing through continued PLI schemes, component ecosystems development, and R&D incentives
- Develop strategic petroleum reserves and diversify energy import sources to buffer against price volatility

5) Build Data Infrastructure for Evidence-Based Policy:

- Establish comprehensive trade data systems enabling firm-level, product-level, and transaction-level analysis for granular policy assessment
- Improve MSME trade data collection to enable targeted policy interventions and accurate assessment of MSME export participation
- Mandate regular FTA impact assessments with standardized methodologies ensuring policy learning and course corrections

7. CONCLUSION

India's trade performance during the Modi era (2014-2024) presents a nuanced picture of modest achievements, persistent challenges, and distinctive strategic positioning. The analysis, based exclusively on RBI data, Economic Surveys, and peer-reviewed academic research, reveals three overarching conclusions.

First, India's services-led trade strategy emerged as the defining characteristic of this period. Services exports reached USD 339.62 billion in FY 2023-24, generating a surplus of USD 162.05 billion that offset 67% of merchandise deficits. India's evolution from 24th to 7th position globally in services exports, with 4.3% share of world services trade, represents a remarkable achievement. This distinctive pathway diverges from traditional manufacturing-led export growth models, reflecting India's comparative advantages in skill-intensive services.

Second, merchandise trade performance remained constrained by structural factors including manufacturing competitiveness challenges, concentrated export baskets, and import dependencies on energy and technology. Despite initiatives like Make in India and Production-Linked Incentives, merchandise exports showed volatility, contracting to USD 437.06 billion in FY 2023-24 from USD 447.46 billion in FY 2022-23. The persistent merchandise trade deficit averaging USD 240-267 billion annually highlights unfinished agenda in industrial competitiveness and export diversification.

Third, Free Trade Agreements signed during this period (Mauritius, UAE, Australia, and EFTA negotiated) demonstrate renewed commitment to trade liberalization after a decade of caution. However, empirical evidence from academic research indicates marginal positive impacts, contingent on global economic conditions and implementation effectiveness. Critical challenges include low FTA utilization rates particularly among MSMEs, rising non-tariff measures offsetting tariff concessions, and absence of systematic ex-post evaluations limiting policy learning.

A major positive achievement was external sector stabilization, with Current Account Deficit improving dramatically from 2.0% of GDP (FY 2022-23) to 0.7% (FY 2023-24). This improvement, combined with robust foreign exchange reserves covering 10+ months of imports, removed external sector constraints on growth

and demonstrated effective macroeconomic management during turbulent global conditions including COVID-19 pandemic and geopolitical conflicts.

Looking forward, India's trade strategy requires recalibration across three dimensions. First, sustaining services export momentum through skill development, technology adaptation, and comprehensive services provisions in FTAs. Second, accelerating manufacturing competitiveness improvements through infrastructure investments, logistics cost reduction, and export diversification toward technology-intensive products. Third, enhancing FTA effectiveness through better implementation support, particularly for MSMEs, addressing non-tariff barriers, and conducting rigorous impact evaluations.

The decade 2014-2024 established foundations for India's distinctive trade trajectory combining services excellence with gradual manufacturing strengthening. However, realizing India's aspiration of becoming a \$5 trillion economy by 2027 and achieving developed country status by 2047 requires sustained efforts on multiple fronts: physical and digital infrastructure development, human capital investments, regulatory simplification, and strategic trade partnerships. The next decade will be crucial for translating institutional reforms and policy initiatives of 2014-2024 into measurable trade performance gains.

Future research should focus on three priorities. First, conducting detailed ex-post evaluations of recent FTAs using firm-level and product-level data to isolate specific impacts on trade flows, employment, and welfare. Second, analyzing determinants of MSME export participation and FTA utilization to inform targeted policy interventions. Third, examining services trade dynamics including GVC participation, technology content, and sustainability of current growth rates amid AI and automation trends. Such research would provide evidence base for refining India's trade strategy in an increasingly complex and contested global economic environment.

CONFLICT OF INTERESTS

None.

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None.

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