

Currency-Wise Pattern of Invoicing of India's Imports and Exports: 1990-91 to 1999-2000*

I. Introduction

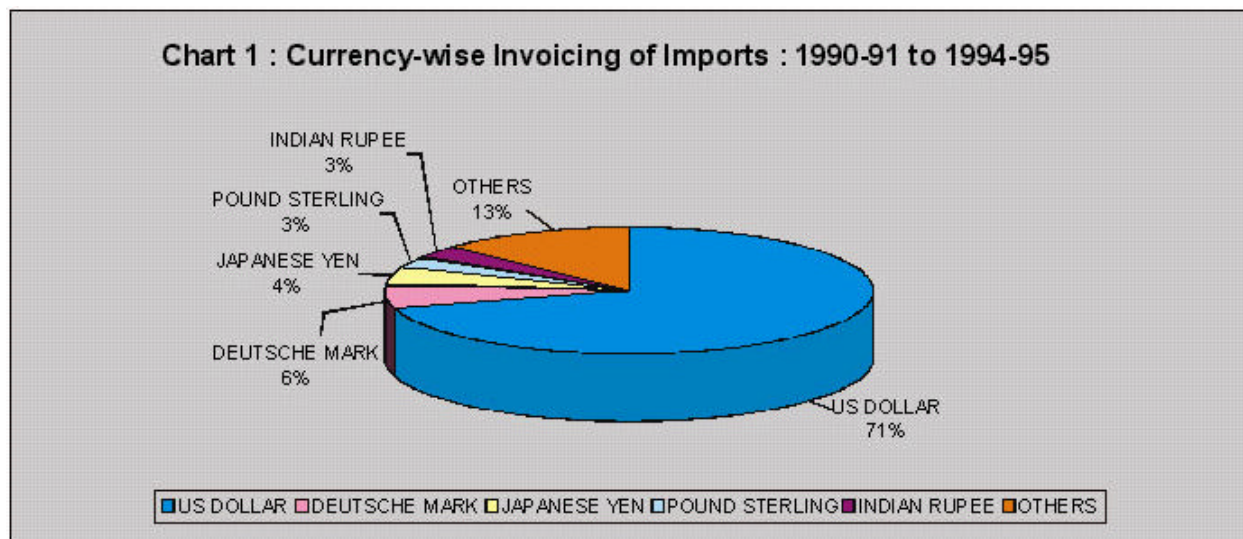
This study analyses the share of important currencies in the invoicing of India's merchandise trade during 1990-91 to 1999-2000. It is the fifth¹ in the series of studies analysing the currency-wise pattern of invoicing of India's current account transactions.

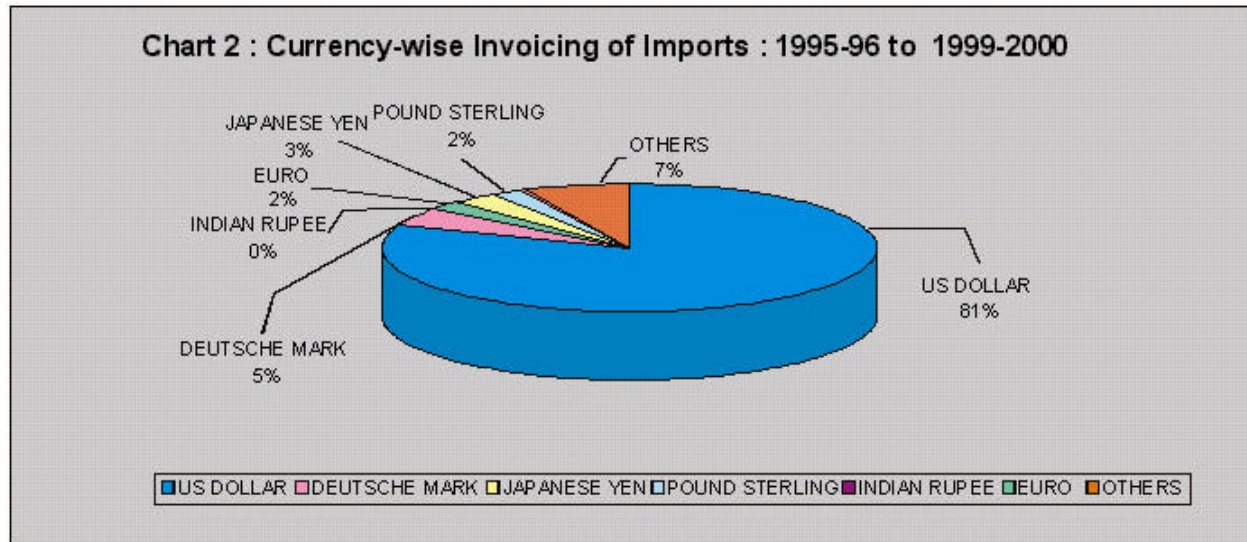
II Currency-wise Pattern of Invoicing of Imports

The currency-wise distribution of India's imports is presented in [statement 1](#). Among the important currencies, the share of US Dollar in import invoicing is most pronounced. Other currencies used for the purpose are mainly DM, Euro (since 1999), Yen and Pound Sterling. The combined share of invoicing in US Dollar, DM, Euro, Yen and Pound Sterling together in India's imports moved in a range of 74.2 per cent to 96.2 per cent and averaged 88.3 per cent during 1990-91 to 1999-2000. The changing composition of currency invoicing of India's imports for the first and second half of 'nineties are presented in [Chart 1](#) and [2](#).

The share of imports invoiced in US Dollar increased from 59.7 per cent in 1990-91 to 85.8 per cent in 1999-2000 recording average of 76.1 per cent over this period, while the proportion of DM declined from 7.0 per cent in 1990-91 to 4.6 per cent in 1998-99, and further to 1.6 per cent in 1999-2000 mainly due to introduction of Euro. Invoicing in Yen, which accounted for 4.4 per cent in 1990-91 rose to 5.2 per cent in 1993-94 before falling to 3.0 per cent in 1996-97 and thereafter increased to 3.8 per cent in 1999-2000. The fall in the share of Pound Sterling from 3.1 per cent in 1990-91 to 1.7 per cent in 1999-2000 was marked with inter-year fluctuations.

The contribution of Rupee in invoicing of imports fell from a high of 7.7 per cent in 1990-91 to nil during 1997-98 to 1999-2000 as Rupee invoicing lost its significance due to Dollar invoicing of bilateral trade with the erstwhile USSR and the East European countries.





The use of other currencies in import invoicing moved in a range between 3.8 per cent to 18.1 per cent during 1990-91 to 1999-2000. There has, however, been a distinct shift in invoicing in favour of the US Dollar since 1993-94 following a move towards a market determined exchange rate with the US Dollar as the intervention currency.

III. Country-wise Distribution of Imports Invoiced in Selected Currencies

Data on relative shares of selected countries in total invoicing of Indian imports in US Dollar, DM, Yen and Pound Sterling are presented in [Statements 2, 3, 4, 5](#). US Dollar was predominantly used in invoicing of imports mainly due to the convention of using US Dollar for invoicing of petroleum, oil and lubricants (POL) transactions. The proportion of US Dollar invoicing of imports from 'other' countries rose significantly from 69.7 per cent in 1990-91 to a high of 78.7 per cent in 1997-98 before declining to 73.6 per cent in 1999-2000. It could be seen that the average share of US dollar invoicing of imports from 'other' countries stood at 72.5 per cent during the period 1990-91 to 1999-2000. The country share of the US, however, declined from 17.1 per cent in 1990-91 to 11.0 per cent in 1997-98 with a subsequent increase to 13.8 per cent in 1999-2000. This is largely due to relatively faster increase in the value of PoL imports. As regards the other currencies, about 79 per cent of the total invoicing of imports in DM was in respect of imports from Germany though it recorded year-to-year fluctuations. Similarly, country share of the UK in invoicing in Pound Sterling declined from 83.5 per cent in 1990-91 to 54.1 per cent in 1996-97 before exhibiting an increase to 88.7 per cent in 1999-2000. However, the country share of Japan in invoicing in Yen was rather steady around 96 per cent during 1990-91 to 1999-2000.

IV. Currency-wise Pattern of Invoicing of Exports

Since October 1983, under the revised procedure, exports are recorded in BoP on the basis of original (customs) copy of export declaration form (GR) showing the value to be

shipped/essential by customs. Data on currency-wise exports are available in ENC statements which provide details of export bills negotiated. The currency-wise distribution of exports during the period 1990-91 to 1999-2000 is presented in [statement VI](#). [Charts 3](#) and [4](#) depict the changing composition of currency invoicing of India's exports for the first and second half of 'nineties. It may be observed that invoicing in US Dollar, DM, Euro, Pound Sterling, Yen and Rupee together accounted for about 94.5 per cent of total exports during the period under review. In 1990-91, 57.2 per cent of exports were invoiced in US Dollars, 27.7 per cent in Rupees, 5.1 per cent in DM and 4.5 per cent in Pound Sterling with other currencies accounting for 5.4 per cent. While the share of US Dollar rose sharply to 76.2 per cent in 1992-93 with commensurate drop in the share of invoicing in Rupees, in the subsequent two years there was a great deal of stability in the relative shares. During 1995-96 to 1999-2000, while the share of US Dollar showed a steady increase with corresponding decline in Rupee and 'other' currencies invoicing, that of Pound Sterling hovered around four per cent.

Chart 3 : Currency-wise Invoicing of Exports : 1990-91 to 1994-95

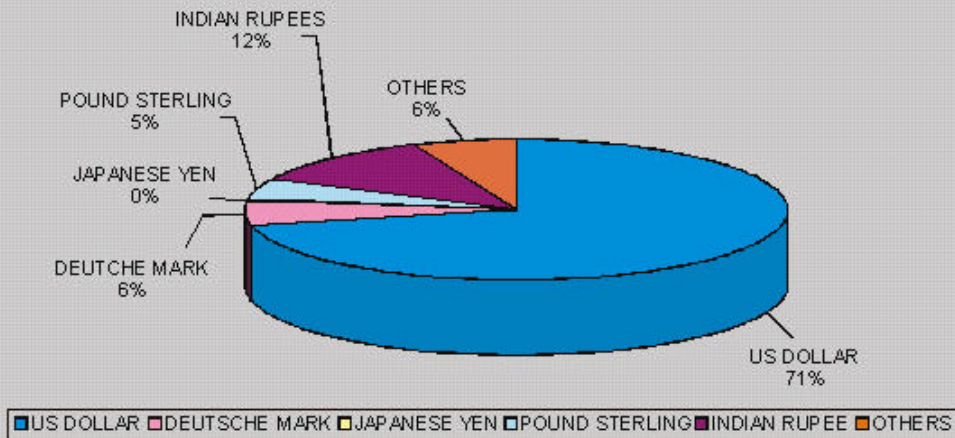
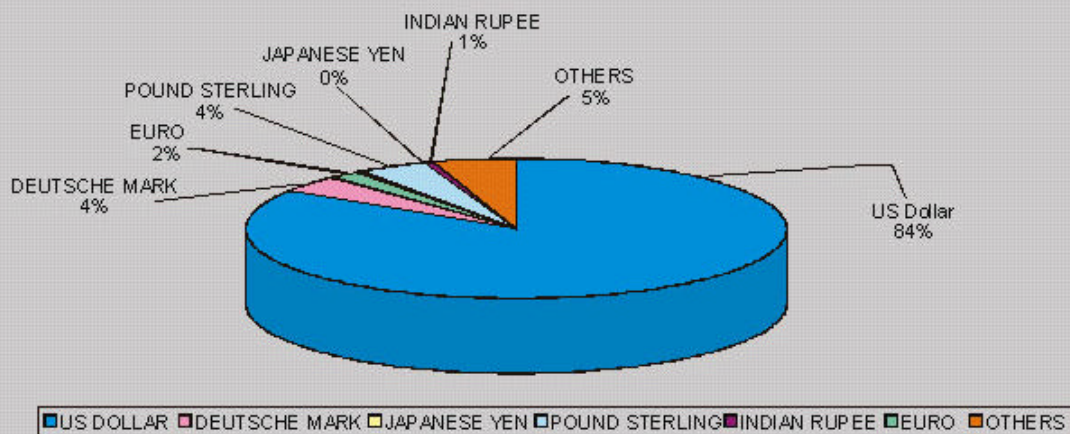


Chart 4: Currency-wise Invoicing of Exports : 1995-96 to 1999-2000



The substantial share of exports invoiced in Rupees during 1990-91 and 1991-92 was on account of the practice of exports invoicing in Rupees to bilateral accounts countries. The subsequent drop in the share of Rupee invoicing could be attributed to discontinuance of Rupee trade consequent upon agreement between Government of India and Russian Federation in 1992 to scrap the bilateral trade and instead invoice trade in US Dollar.

However, after disintegration of USSR, Rupee invoicing of exports is now confined to financing of exports through repayment of civilian and non-civilian debt to Russia. The share of Rupee invoicing fell drastically from 4.5 per cent in 1992-93 to a low of 0.3 per cent in 1999-2000.

V. Sources of Data

Data on imports are based on the balance of payments (BoP) statistics, which differ from imports data, published by the Directorate General of Commercial Intelligence and Statistics (DGCI&S). The sources of import data could be categorised broadly under two heads, viz; Authorised Dealers (ADs) and other sources (Non-ADs). Under the existing exchange control regulations, all the ADs are required to report to the Exchange Control Department (ECD) of the Reserve Bank of India their transactions relating to receipt and payments of foreign exchange. A-1 forms submitted by ADs to ECD provide data on the currency of invoicing. In addition to import payments made against delivery of shipping documents and as advance payments made through banking channels, imports are also effected through government agencies abroad supplemented by imports under foreign aid programmes. Moreover, import financed out of foreign loans/credits raised by development finance institutions (ICICI, IDBI and IFCI) are also covered in the balance of payments statistics. Furthermore, import financed out of commercial borrowings raised by public sector corporations and private enterprises are also covered. Currency-wise details of imports finance through IBRD/IDA resources are available directly from their advices. In respect of imports financed through other bilateral aid on direct settlement basis, the country of donor and the currency of invoicing of imports are assumed to be the same. Details of currency-wise invoicing relating to imports financed through commercial borrowings are available directly.

Exports are recorded in the BoP on the basis of original (customs) copy of export declaration form, i.e. GR form and DTR, with effect from April 2000, evidencing the goods cleared for shipment by customs. Currency-wise data on exports are derived from ENC statements submitted by ADs, which provide details of export bills negotiated/purchased/sent on collection etc.

Conclusion

In international trade, the pattern of currency invoicing depends on a number of factors such as historic connections between the trading partners, established conventions, the relative bargaining strength of trading parties and the extent of development of the foreign exchange market. Conventionally, POL imports are invoiced in US Dollar. Moreover, since the US Dollar continues to be the most important international currency, it gets a preference in invoicing. Under a flexible exchange rate system, the exchange rate developments of major currencies also

play an important role. Particularly the expectation of the exporter/importer about the future changes in the exchange rates is a significant consideration in invoicing of exports/imports, as the invoiced amounts are received/paid with a lag of some weeks/months after the invoicing is made.

Statement 1 : Currency-Wise Invoicing of India's Imports : 1990-91 to 1999-2000

Currency	(Per cent)												
	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	AVERAGE	MAXIMUM	MINIMUM
1	2	3	4	5	6	7	8	9	10	11	12	13	14
US Dollar	59.7	73.9	70.6	74.4	73.5	75.4	80.6	84.1	83.0	85.8	76.1	85.8	59.7
Deutsche Mark	7.0	6.8	6.5	5.4	5.9	6.4	5.8	4.8	4.6	1.6	5.5	7.0	1.6
Euro	-	-	-	-	-	-	-	-	1.1	3.3	2.2	3.3	1.1
Japanese Yen	4.4	4.0	3.9	5.2	4.4	2.5	3.0	3.1	3.4	3.8	3.8	5.2	2.5
Pound Sterling	3.1	2.9	2.2	2.8	2.5	2.1	2.4	3.0	2.2	1.7	2.5	3.1	1.7
Indian Rupee	7.7	4.3	2.1	2.6	0.4	0.2	0.1	0.0	0.0	0.0	1.7	7.7	0.0
Others	18.1	8.1	14.7	9.6	13.3	13.4	8.1	5.0	5.7	3.8	10.0	18.1	3.8
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0			

- : Not Applicable

Statement 2 : Country-Wise Distribution of Invoicing of Imports in US Dollar : 1990-91 to 1999-2000

COUNTRY	(Per cent)											
	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999- Average 2000		
1	2	3	4	5	6	7	8	9	10	11	12	
USA	17.1	17.2	17.2	15.6	13.4	16.4	14.0	11.0	12.9	13.8	14.9	
Germany	2.2	3.6	2.7	2.2	2.2	2.2	2.1	1.8	1.5	1.3	2.2	
Japan	4.7	3.4	3.9	3.9	5.4	4.3	3.7	2.9	3.0	2.6	3.8	
UK	6.3	7.4	7.3	7.3	6.3	5.7	5.1	5.6	7.3	8.7	6.7	
Others	69.7	68.4	68.9	71.0	72.7	71.4	75.1	78.7	75.3	73.6	72.5	
TOTAL	100	100	100	100	100	100	100	100	100	100	100	

Statement 3 : Country-Wise Distribution of Invoicing of Imports in Deutsche Mark : 1990-91 to 1999-2000

COUNTRY	(Per cent)											
	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999- Average 2000		
1	2	3	4	5	6	7	8	9	10	11	12	
USA	0.5	0.4	0.3	0.4	0.7	0.4	0.8	0.4	0.6	3.9	0.8	
Germany	76.8	84.6	83.0	84.3	82.2	80.0	63.2	78.3	77.9	79.2	78.9	

Japan	1.0	0.8	0.4	0.6	0.9	0.5	21.3	0.8	0.5	0.3	2.7
UK	0.6	2.4	1.0	1.3	1.3	1.7	2.0	2.7	2.3	3.5	1.9
Others	21.1	11.8	15.3	13.4	14.9	17.4	12.7	17.9	18.7	13.1	15.6
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	

Statement 4 : Country-Wise Distribution of Invoicing of Imports in Japanese Yen : 1990-91 to 1999-2000

COUNTRY	(Per cent)										
	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999- Average	2000
1	2	3	4	5	6	7	8	9	10	11	12
USA	0.0	0.3	0.1	0.0	0.1	0.3	0.4	0.5	1.8	0.1	0.4
Germany	0.0	0.2	0.0	0.1	1.4	0.3	0.1	0.1	0.3	0.6	0.3
Japan	97.3	97.5	96.4	95.9	96.8	95.9	96.8	95.3	90.0	96.3	95.8
UK	0.0	0.0	0.2	0.1	0.1	0.1	0.3	0.2	0.2	0.2	0.1
Others	2.7	2.0	3.3	3.9	1.6	3.4	2.4	3.9	7.7	2.8	3.4
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	

Statement 5 : Country-Wise Distribution of Invoicing of Imports in Pound Sterling : 1990-91 to 1999-2000

COUNTRY	(Per cent)										
	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999- Average	2000
1	2	3	4	5	6	7	8	9	10	11	12
USA	0.6	0.6	1.1	1.0	1.7	0.9	0.9	1.4	1.2	1.1	1.0
Germany	2.1	2.1	1.5	1.5	1.5	1.3	1.1	1.8	0.9	1.0	1.5
Japan	0.5	0.3	0.7	0.7	0.4	0.7	0.4	0.7	0.5	1.8	0.7
UK	83.5	73.9	82.4	86.3	87.9	92.2	54.1	90.7	92.4	88.7	83.2
Others	13.3	23.1	14.3	10.5	8.5	4.9	43.5	5.4	5.0	7.4	13.6
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	

Statement 6 : Currency-Wise Invoicing of India's Exports : 1990-91 to 1999-2000

Currency	(Per cent)												
	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999- AVER-	AGE	MAXI-	MINI-
1	2	3	4	5	6	7	8	9	10	11	12	13	14
US Dollar	57.2	64.3	76.2	79.9	78.8	80.9	86.2	86.0	85.3	87.0	78.2	87.0	57.2
Deutsche Mark	5.1	5.3	6.6	6.4	6.3	5.4	4.7	4.1	4.1	1.6	5.0	6.6	1.6
Euro	-	-	-	-	-	-	-	-	0.5	3.0	1.8	3.0	0.5

Japanese Yen	0.1	0.2	0.2	0.4	0.3	0.5	0.2	0.2	0.4	0.3	0.3	0.5	0.1
Pound Sterling	4.5	4.4	5.0	4.6	4.8	4.3	4.6	4.4	4.1	3.9	4.5	5.0	3.9
Indian Rupee	27.7	20.4	4.5	2.8	3.3	1.8	0.6	0.3	0.3	0.3	6.2	27.7	0.3
Others	5.4	5.4	7.5	5.9	6.5	7.1	3.7	5.0	5.3	3.9	5.5	7.5	3.7
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0			

- : Not Applicable

Statement 7 : India's Trade With Major Partners-Imports

COUNTRY	(Rs. Crore)										
	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999- Average 2000	
1	2	3	4	5	6	7	8	9	10	11	12
USA	5245 (12.1)	4917 (10.3)	6219 (9.8)	8584 (11.7)	9124 (10.1)	12916 (10.5)	13085 (9.4)	13814 (9.0)	15315 (8.6)	15728 (7.7)	9913 (10.2)
Germany	3473 (8.0)	3844 (8.0)	4799 (7.6)	5615 (7.7)	6867 (7.6)	10520 (8.6)	10050 (7.2)	9398 (6.1)	9006 (5.1)	8089 (4.0)	7064 (7.3)
Japan	3245 (7.5)	3375 (7.1)	4136 (6.5)	4774 (6.5)	6405 (7.1)	8254 (6.7)	7765 (5.6)	7971 (5.2)	10373 (5.8)	10206 (5.0)	6255 (6.4)
UK	2894 (6.7)	2963 (6.2)	4105 (6.5)	4818 (6.6)	4895 (5.4)	6415 (5.2)	7578 (5.5)	9081 (5.9)	11028 (6.2)	11821 (5.8)	5975 (6.0)
Belgium	2718 (6.3)	3422 (7.2)	5291 (8.3)	5881 (8.0)	3789 (4.2)	5693 (4.6)	7993 (5.8)	9916 (6.4)	12103 (6.8)	15058 (7.4)	6312 (6.4)
Switzerland	480 (1.1)	372 (0.8)	1095 (1.7)	1588 (2.2)	2588 (2.9)	3414 (2.8)	4002 (2.9)	9814 (6.4)	12378 (6.9)	11356 (5.6)	3970 (3.1)
Saudi Arabia	2899 (6.7)	3556 (7.4)	4333 (6.8)	4836 (6.6)	4928 (5.5)	6773 (5.5)	9832 (7.1)	9322 (6.0)	7705 (4.3)	9849 (4.8)	6020 (6.2)
UAE	1900 (4.4)	3075 (6.4)	3220 (5.1)	3146 (4.3)	4814 (5.4)	5374 (4.4)	6163 (4.4)	6615 (4.3)	7241 (4.1)	9268 (4.5)	4616 (4.7)
South Korea	366 (0.8)	787 (1.6)	1029 (1.6)	1771 (2.4)	1977 (2.2)	2759 (2.2)	3137 (2.3)	3723 (2.4)	5866 (3.3)	5244 (2.6)	2379 (2.1)
Australia	1464 (3.4)	1445 (3.0)	2427 (3.8)	2068 (2.8)	2873 (3.2)	3418 (2.8)	4676 (3.4)	5521 (3.6)	6079 (3.4)	4677 (2.3)	3330 (3.3)
Indonesia	146 (0.3)	165 (0.3)	174 (0.3)	375 (0.5)	1008 (1.1)	1543 (1.3)	2125 (1.5)	2719 (1.8)	3488 (2.0)	4293 (2.1)	1305 (1.0)
Malaysia	555 (1.3)	972 (2.0)	1175 (1.9)	784 (1.1)	1539 (1.7)	3020 (2.5)	3932 (2.8)	4381 (2.8)	6766 (3.8)	8913 (4.4)	2569 (2.2)
Singapore	796 (1.8)	1713 (3.6)	1831 (2.9)	1966 (2.7)	2825 (3.1)	3652 (3.0)	3775 (2.7)	4452 (2.9)	5823 (3.3)	6528 (3.2)	2981 (2.9)
Iran	1018 (2.4)	1435 (3.0)	1152 (1.8)	1190 (1.6)	1685 (1.9)	2001 (1.6)	3104 (2.2)	2353 (1.5)	1993 (1.1)	4341 (2.1)	1770 (1.9)

Kuwait	363 (0.8)	751 (1.6)	2763 (4.4)	3532 (4.8)	4648 (5.2)	6590 (5.4)	8537 (6.1)	8546 (5.5)	6316 (3.5)	6753 (3.3)	4672 (4.2)
Other Countries	18343 (36.2)	18474 (42.5)	24909 (38.6)	28046 (39.3)	33791 (38.4)	46024 (37.6)	51153 (37.5)	56460 (36.8)	68948 (36.6)	87510 (38.7)	38461 (38.2)
TOTAL	43193 (100)	47851 (100)	63375 (100)	73101 (100)	89971 (100)	122678 (100)	138920 (100)	154176 (100)	178332 (100)	204583 (100)	101289 (100)

Based on DGCIS Data

Figures in brackets in columns 2 to 12 denote percentages to total

Statement 8 : India's Trade With Major Partners-Exports

COUNTRY	(Rs. Crore)										
	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	Average 2000
1	2	3	4	5	6	7	8	9	10	11	12
USA	4796 (14.7)	7201 (16.4)	10183 (19.0)	12542 (18.0)	15764 (19.1)	18466 (17.4)	23272 (19.6)	25283 (19.4)	30289 (21.8)	36980 (22.7)	16483 (16.3)
Germany	2549 (7.8)	3131 (7.1)	4133 (7.7)	4828 (6.9)	5488 (6.6)	6614 (6.2)	6720 (5.7)	7149 (5.5)	7791 (5.6)	7810 (4.8)	5393 (5.3)
Japan	3039 (9.3)	4071 (9.2)	4160 (7.7)	5461 (7.8)	6363 (7.7)	7411 (7.0)	7121 (6.0)	7056 (5.4)	6950 (4.9)	7379 (4.5)	5736 (5.7)
UK	2127 (6.5)	2806 (6.4)	3514 (6.5)	4326 (6.2)	5305 (6.4)	6726 (6.3)	7267 (6.1)	7956 (6.1)	7806 (5.7)	9735 (6.0)	5339 (5.3)
Belgium	1259 (3.9)	1644 (3.7)	1979 (3.7)	2644 (3.8)	3104 (3.8)	3748 (3.5)	3879 (3.3)	4518 (3.5)	5418 (3.9)	5984 (3.7)	3418 (3.7)
Switzerland	402 (1.2)	540 (1.2)	577 (1.1)	693 (1.0)	777 (0.9)	942 (0.9)	1065 (0.9)	1366 (1.0)	1342 (1.0)	1630 (1.0)	933 (1.0)
Saudi Arabia	418 (1.3)	866 (2.0)	1180 (2.2)	1602 (2.3)	1368 (1.7)	1613 (1.5)	2049 (1.7)	2565 (2.0)	3257 (2.3)	3228 (2.0)	1815 (1.9)
UAE	787 (2.4)	1820 (4.1)	2359 (4.4)	3632 (5.2)	3975 (4.8)	4778 (4.5)	5240 (4.4)	6290 (4.8)	7857 (5.6)	9309 (5.7)	4605 (4.6)
South Korea	657 (2.0)	588 (1.3)	506 (0.9)	647 (0.9)	1044 (1.3)	1499 (1.4)	1841 (1.5)	1738 (1.3)	1295 (0.9)	1856 (1.1)	1167 (1.3)
Australia	321 (1.0)	499 (1.1)	646 (1.2)	769 (1.1)	1088 (1.3)	1257 (1.2)	1368 (1.2)	1629 (1.3)	1630 (1.2)	1749 (1.1)	1096 (1.2)
Indonesia	196 (0.6)	362 (0.8)	401 (0.7)	737 (1.1)	872 (1.1)	2216 (2.1)	2101 (1.8)	1625 (1.2)	779 (0.6)	1415 (0.9)	1070 (1.1)
Malaysia	995 (3.1)	499 (1.1)	550 (1.0)	776 (1.1)	900 (1.1)	1315 (1.2)	1886 (1.6)	1821 (1.4)	1353 (1.0)	1885 (1.2)	1198 (1.4)

Singapore	1428 (4.4)	958 (2.2)	1705 (3.2)	2359 (3.4)	2419 (2.9)	3016 (2.8)	3470 (2.9)	2898 (2.2)	2177 (1.6)	2995 (1.8)	2343 (2.7)
Iran	141 (0.4)	302 (0.7)	331 (0.6)	501 (0.7)	492 (0.6)	519 (0.5)	692 (0.6)	638 (0.5)	669 (0.5)	715 (0.4)	500 (0.6)
Kuwait	74 (0.2)	129 (0.3)	314 (0.6)	332 (0.5)	420 (0.5)	453 (0.4)	549 (0.5)	691 (0.5)	693 (0.5)	680 (0.4)	434 (0.4)
Other Countries	13369 (41.1)	18626 (42.3)	21150 (39.4)	27902 (40.0)	33295 (40.3)	45780 (43.0)	50297 (42.3)	56878 (43.7)	60447 (43.3)	69575 (42.7)	39732 (41.8)
TOTAL	32558 (100.0)	44042 (100.0)	53688 (100.0)	69751 (100.0)	82674 (100.0)	106353 (100.0)	118817 (100.0)	130101 (100.0)	139753 (100.0)	162925 (100.0)	94066 (100.0)

Based on DGCIS Data

Figures in brackets in columns 2 to 12 denote percentages to total

* Prepared in the Division of International Finance (DIF) of the Department of Economic Analysis and Policy.

1 The previous study on invoicing of India's imports for the period 1979-80 to 1988-89 was published in August 1992 issue of the RBI Bulletin. The data on currency-wise invoicing of India's merchandise trade for period 1979-80 to 1988-89 were also published in the Monograph on 'India's Balance of Payments : 1948-49 to 1988-89' in July 1993.