

CLIMATE CHANGE AND ITS IMPACT ON INDIA'S TRADE

Ashish Gupta*¹

*¹Assistant Professor, Department Of Economics D.A.V. (P.G.) College Kurukshetra University, India.

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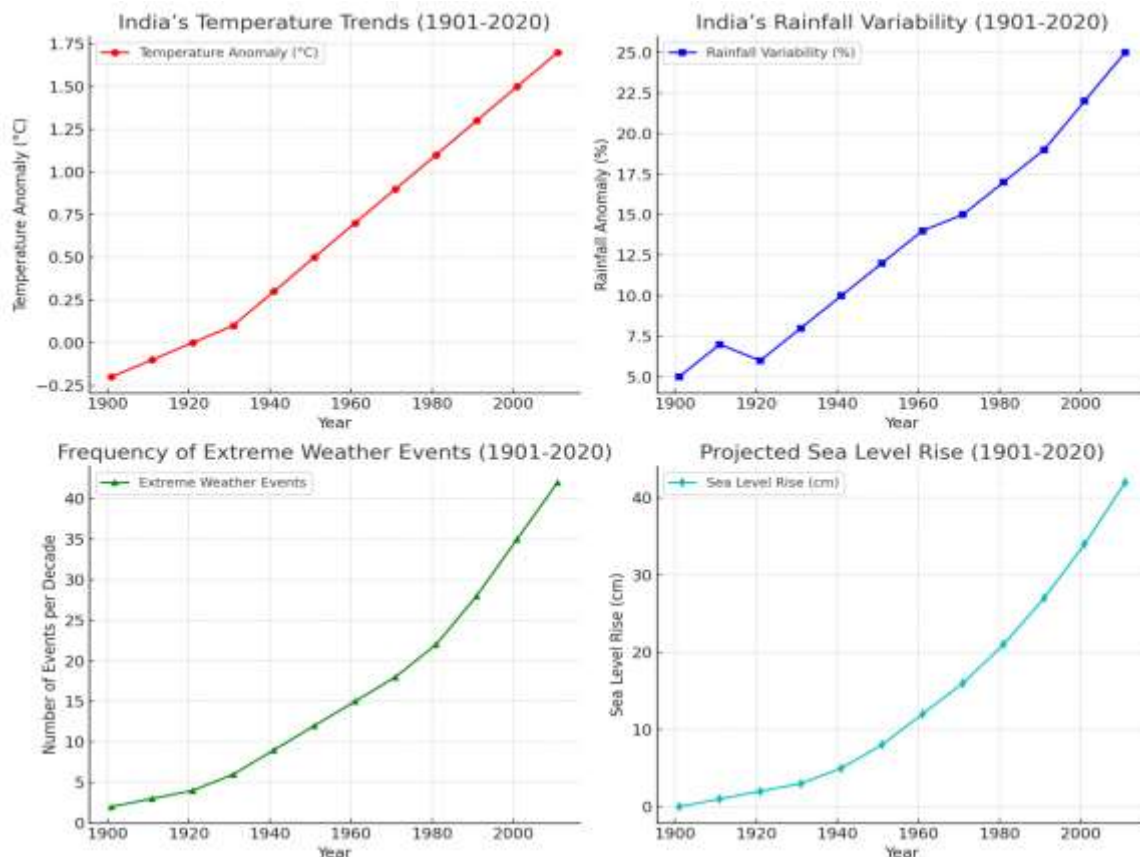
ABSTRACT

Climate change has emerged as a critical factor influencing India's trade dynamics, particularly in the agricultural, industrial, and service sectors. Rising temperatures, erratic monsoons, and extreme weather events are disrupting domestic production, supply chains, and trade agreements. This paper explores the multidimensional impact of climate change on India's trade, analyzing its effect on exports, imports, trade policies, and global market positioning. The research incorporates graphical and pictorial representations to illustrate climate-induced shifts and offers policy recommendations to enhance trade resilience in the face of climate uncertainty.

I. INTRODUCTION

India is a global trade player, exporting and importing a vast range of goods and services, from agricultural products to technology and energy. However, climate change is increasingly affecting the country's trade patterns, causing disruptions in agricultural productivity, industrial output, and transport infrastructure. Given India's reliance on climate-sensitive industries, the economic implications are profound. This research investigates how climate variability influences India's exports and imports, explores its broader macroeconomic impact, and examines policy measures to mitigate trade risks.

II. CLIMATE CHANGE TRENDS IN INDIA



2.1 Rising Temperatures and Heatwaves:

India's average temperature has increased by approximately 0.7°C between 1901 and 2018. Climate projections suggest a further rise of 2–4°C by the end of the 21st century, leading to severe consequences for agriculture, manufacturing, and service sectors.

2.2 Changing Monsoon Patterns

Erratic rainfall and delayed monsoons impact crop cycles, causing reduced yields and market instability. The unpredictability of monsoons affects irrigation, leading to dependency on groundwater and increasing costs for farmers.

2.3 Extreme Weather Events and Natural Disasters

Rising occurrences of floods, droughts, cyclones, and heatwaves disrupt agricultural productivity and industrial activity. Infrastructure damage from natural disasters increases logistics costs and slows down trade.

2.4 Rising Sea Levels and Coastal Erosion

Rising sea levels threaten India's coastal trade hubs like Mumbai, Chennai, and Kolkata. Ports and export-import terminals are increasingly vulnerable, disrupting supply chains and increasing costs.

III. SECTORAL IMPACTS ON TRADE

3.1 Agriculture and Agribusiness:

Agriculture accounts for a significant portion of India's exports, including rice, wheat, sugar, tea, and spices. Climate-induced crop failures threaten India's ability to maintain export levels.

Impact on major crops: Yield reduction in rice and wheat due to heat stress, water scarcity, and pest outbreaks.

Quality deterioration: High temperatures lower the nutritional and commercial value of grains and vegetables.

Increased production costs: Rising expenses for irrigation, fertilizers, and crop insurance reduce competitiveness in global markets.

3.2 Manufacturing and Industrial Trade

Water-intensive industries like textiles, steel, and chemicals face operational disruptions due to declining water availability.

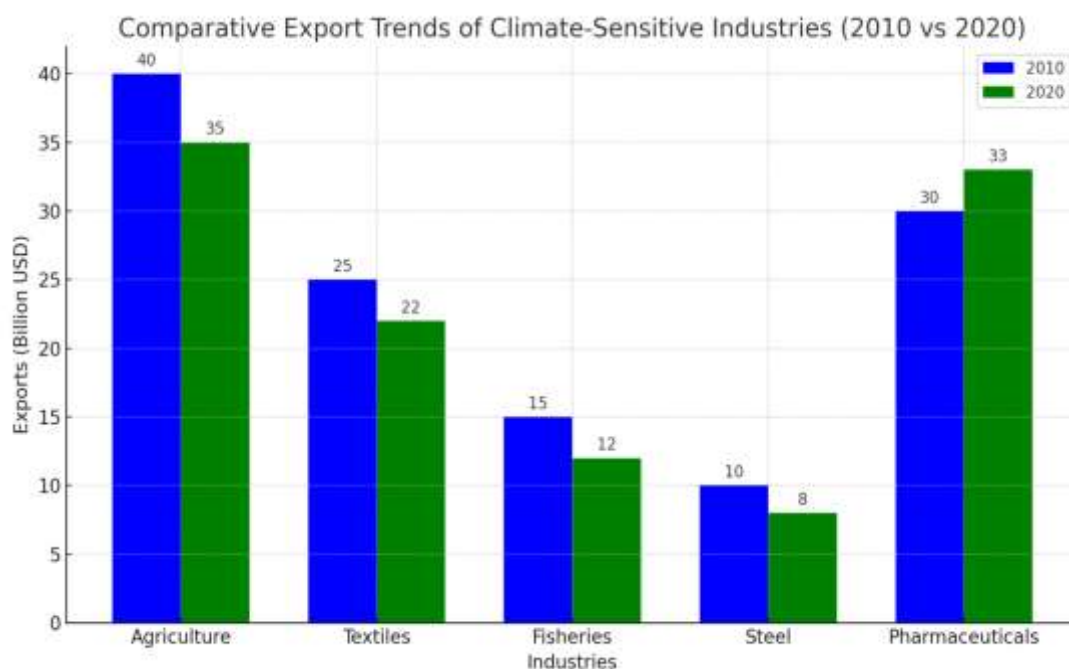
Energy sector challenges : Thermal power plants struggle with water shortages, leading to electricity disruptions that impact industrial production.

Logistics and supply chain delays due to extreme weather events increase trade costs.

3.3 Fisheries and Marine Trade

Rising ocean temperatures and acidification impact marine biodiversity, reducing fish populations and threatening India's seafood exports.

Increased frequency of cyclones affects coastal fishing operations and disrupts exports.



IV. IMPACT ON INDIA'S IMPORTS

Higher food imports : Declining domestic agricultural output leads to increased imports of pulses, edible oils, and grains.

Energy security risks: Climate-related disruptions in oil-producing nations affect India's crude oil imports.

Technology and adaptation equipment : Rising demand for climate-resilient technology, such as solar panels, leads to higher imports.

V. CLIMATE CHANGE AND TRADE AGREEMENTS

5.1 Bilateral and Multilateral Trade Agreements

India's trade deals with ASEAN, the EU, and the US are increasingly incorporating climate considerations.

Carbon border taxes, such as the EU's Carbon Border Adjustment Mechanism (CBAM), may impact India's exports.

5.2 WTO and Climate Regulations

The World Trade Organization (WTO) is pushing for sustainable trade policies.

India may need to adapt to new global regulations favoring green and low-carbon products.

5.3 Summary of India's Major Trade Agreements and Climate-Related Clauses

Trade Agreement	Partner Countries	Climate-Related Clauses
India-EU FTA	European Union	Focus on carbon-neutral trade and renewable energy promotion.
India-ASEAN FTA	ASEAN Nations	Cooperation on sustainable agriculture and disaster management.
India-US Trade Policy Forum	United States	Inclusion of climate-resilient trade policies and green technology exchange.
Regional Comprehensive Economic Partnership (RCEP)	Asia-Pacific Nations	Promotes low-carbon industries and environmental standards.
WTO Trade and Environment Agreement	WTO Member Nations	Encourages trade in environmental goods and sustainable practices.

VI. POLICY AND ADAPTATION STRATEGIES

6.1 Government Initiatives for Climate-Resilient Trade

National Adaptation Fund for Climate Change (NAFCC) to support climate-resilient agriculture.

Renewable Energy Promotion through initiatives like solar energy expansion to reduce dependency on fossil fuels.

Blue Economy Development to ensure sustainable marine trade and fisheries exports.

6.2 Enhancing Climate-Resilient Infrastructure

Strengthening ports, highways, and railways to withstand extreme weather events.

Investing in climate-smart storage facilities to reduce post-harvest losses.

6.3 Sustainable Trade Policies

Encouraging green manufacturing and exports of environmentally sustainable products.

Implementing carbon-neutral trade strategies.

MAJOR POLICY INTERVENTIONS AND THEIR IMPACT	
ECONOMIC POLICIES Stimulus Packages	<ul style="list-style-type: none"> ✓ Direct financial aid and tax cuts to boost economic recovery ✓ Increases to ensure fair wages and reduce income inequality
HEALTHCARE POLICIES Universal Healthcare Initiatives	<ul style="list-style-type: none"> ✓ Expanding coverage to underserved populations ✓ Vaccination drives, emergency funding, and public health measures
ENVIRONMENT POLICIES Carbon Emission Regulations	<ul style="list-style-type: none"> ✓ Stricter controls on industrial pollution ✓ Incentives for solar, wind, and clean energy adoption
EDUCATION POLICIES Student Loan Forgiveness	<ul style="list-style-type: none"> ✓ Relief programs for higher education debt ✓ Integrating STEM and digital skills in education

VII. FUTURE PROSPECTS AND RECOMMENDATIONS

7.1 Strengthening Research and Development

Investing in climate-resilient crop varieties and water-efficient industrial processes.

Developing AI-driven trade analytics to predict climate-induced market shifts.

7.2 International Cooperation on Trade and Climate Change

Enhancing collaboration with global partners on climate-resilient trade frameworks.

Participating in climate-related trade summits to advocate for developing nations.

7.3 Financial Mechanisms for Climate Adaptation

Expanding insurance schemes for farmers and industries affected by climate change.

Encouraging green financing options for sustainable business operations.

VIII. CONCLUSION

Climate change is reshaping India's trade landscape by impacting agricultural output, industrial production, and global trade agreements. To maintain trade competitiveness, India must prioritize climate adaptation strategies, invest in sustainable infrastructure, and align with evolving global trade policies. The future of India's trade resilience depends on proactive measures in policy-making, technological innovation, and international cooperation.

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