

A HOLISTIC PERSPECTIVE ON INDIA'S FOREIGN TRADE

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Abstract

India's trade has been changing for the past two decades due to paradigm shift in policy making by the Government. All the countries have some unique character in producing the commodities with low cost. Therefore, the each country exchanges their commodities in order to attain the economic goals and stability. The process of such activity can be done only through international trade. IT is imperative to understand the exports and imports of our primary commodities that will find our trade position (or) condition and also to know about the close associates with some of countries for such trade transaction. In this regards the authors have selected the topic on a holistic perspective on India's Foreign Trade.

Key Words: International Trade, Export and Import, Special Economic Zone.

1.1 INTRODUCTION

International or Foreign trade is recognized as the most significant determinants of economic development of a country, all over the world. The foreign trade of a country consists of inward (import) and outward (export) movement of goods and services, which results into outflow and inflow of foreign exchange. Thus it is also called EXIM Trade. The appearance of imported commodities in a country invariably creates new demands. This provides an inducement to the people in general to work hard and earn enough money to be able to purchase some of the imported articles. This necessarily leads to economic growth.

1.2 STATEMENT OF THE PROBLEM

Economic development of a country depends on the growth of international trade which can be attained by way of the effective policies in terms of free trade and globalization and common market. India is one of the emerging country which was been enhancing trade relation with different country. No one country can survival in making self sufficiency and economic growth. Each country has being getting specialization in producing commodities with least cost and comparative and absolute advantage which are also major role in international trade. The study which helps to identify what are the major destination of our trade that covered imports and exports and also to find out what type of major commodities which included in our trade and to maintain the effective balance of payment position. Therefore it's imperative to understand the above perspectives

1.3 OBJECTIVE OF THE STUDY

- To study the growth of India's foreign trade
- To understand the composition of India's foreign trade
- To know the direction of India's foreign trade

1.4 SCOPE OF THE STUDY

- The study would help to know about the growth of India's overall export and import.
- The study helps to understand the various composition and directions of India's export and import.
- The study would light throw on impact of SEZ on India's foreign trade.

1.5 LIMITATIONS OF THE STUDY

- The study is focused on selected commodities and destination and hence, it is not applicable for other composition and direction export and import commodities.
- The study is suitable for top five India's trading partners only. Hence, the results are not applicable for other directions of India's foreign trade.

1.6 REVIEW OF LITERATURE

Paudel, R.C.(2014): Analyzed the impact of liberalization on exports of India using ARDL approach for the period 1975-2008 and found that export supply is affected by domestic output whereas export demand is influenced by the world demand. The study established a favorable impact of liberalization reforms on manufacturing exports of India.

Mathor and Sagar (2015) state that the exports are increasing at a decreasing rate but the imports are increasing at an increasing rate. Trade deficit increased very sharply from 2004-05 to 2009-10. The composition of India's foreign trade has undergone substantial changes, particularly, after the liberalization and globalization. Our major exports now includes manufacturing goods such as Engineering Goods, Petroleum Products, Chemicals and allied Products, Gems and Jewelries, Textiles, Electronic Goods, etc. India's Exports of Services Important: Since data below is for latest time period hence data above too should be of same period so as to maintain consistency. It is a remarkable achievement that we have transformed ourselves from a predominantly primary goods exporting country into a non-primary goods (manufactured goods) exporting country. By exploiting the benefit of GATS now India is becoming the largest exporter of services.

Goyal, S. (2016): Highlighted the importance of exports as they help in the economic growth of the country by contributing in foreign exchange reserves. The study examined the trends prevailing in exports of India established that despite of US subprime crisis, merchandised exports of India showed a remarkable growth rate of 15.79 per cent for a period of 10 years (2004-05 to 2013-14)

1.7 RESEARCH METHODOLOGY

The researcher has selected the following commodities such as vegetable product, chemicals & allied, textile, machinery & electrical and transportation. The above commodities have been selected on the basis of leading position among other composition. Moreover, the same commodities of import and export examined for the present study period.

1.7.1 Nature of Data

The study is based on the secondary data, obtained from the export import data bank.

1.7.2 Nature of Research Design

The present study is of analytical and descriptive in nature.

1.7.3 Period of Study

Composition and direction of India's foreign trade was done for a period of twelve years from 2007-2019.

1.7.4 Statistical Tool

The following tools used for the analysis:

- Annual growth rate (AGR)
- Percentage of share
- Mean

- Standard deviation

1.8 DATA ANALYSIS AND INTERPRATION

TABLE 1 GROWTH OF INDIA'S FOREIGN TRADE

Values in Rupees

YEAR	EXPORT	AGR	IMPORT	AGR	DEFICIT	AGR
2007-08	65586352	-	101231170	-	35644818	-
2008-09	84075506	28.19	137443555	35.77	53368049	49.72
2009-10	84553364	0.57	136373555	-0.78	51820191	-2.9
2010-11	113696426	34.47	168346696	23.44	54650270	5.46
2011-12	146595940	28.94	234546324	39.32	87950384	60.93
2012-13	163431829	11.48	266916196	13.8	103484367	17.66
2013-14	190501109	16.56	271543391	1.73	81042282	-21.69
2014-15	189634842	-0.45	273708658	0.8	84073816	3.74
2015-16	171638440	-9.49	249030554	-9.02	77392114	-7.94
2016-17	184943355	7.75	257767537	3.51	72824182	-5.9
2017-18	195651453	5.79	300103343	16.42	104451890	43.43
2018-19	230772619	17.95	359467461	19.78	128694842	23.21
MEAN	151756770	-	229706537	-	77949767	-
SD	52860600	-	77191256	-	26496474	-

Source:- Department of Commerce (Export and Import Data Bank) various Economic survey

The growth of India's foreign trade is given in the above table. It was found that the actual value of Export and Import were also found increasing trend during the study period. However, the annual growth rate of export and import were highly fluctuating trend. The import is always greater than exports which lead to create more deficits. It was observed that the deficit increased from Rs.35644818 to Rs. 103484367 in the year 2007 – 08 to 2012 – 13 respectively. However, the deficit declined for four years from 2013-14 to 2016 – 2017.

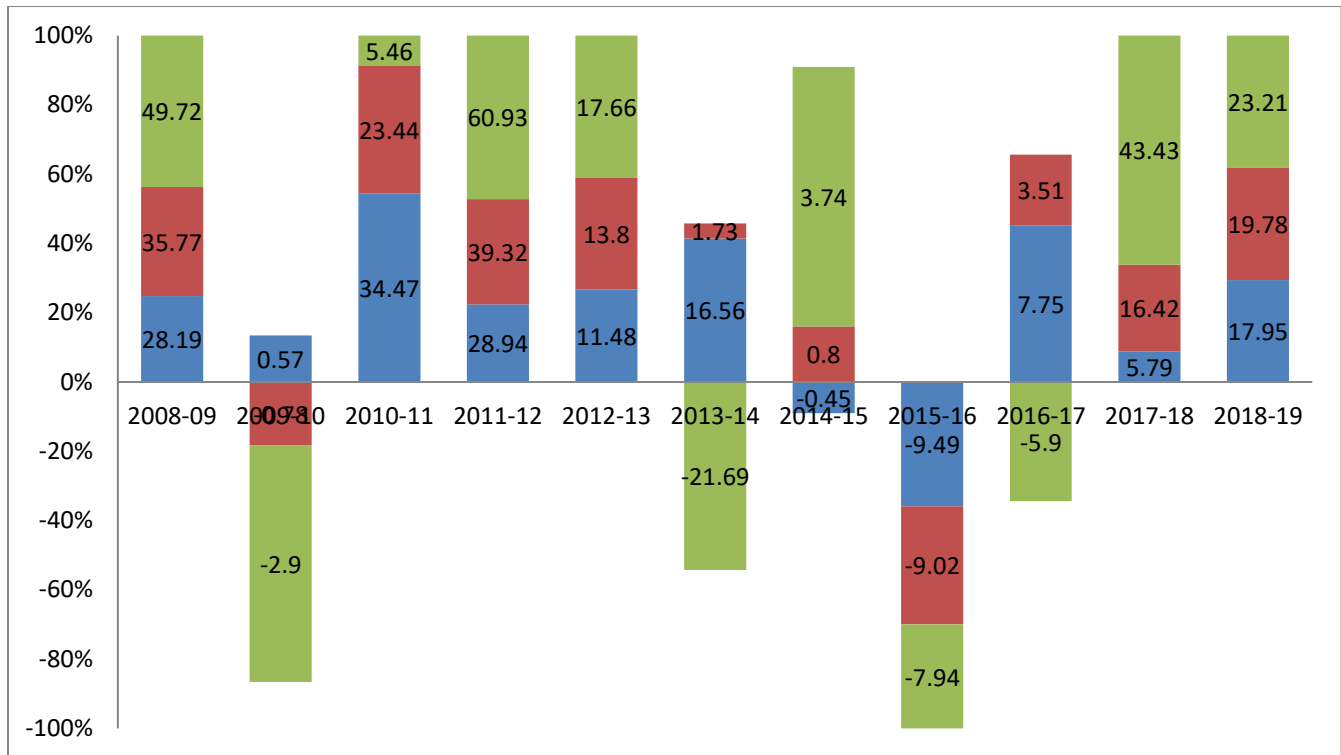


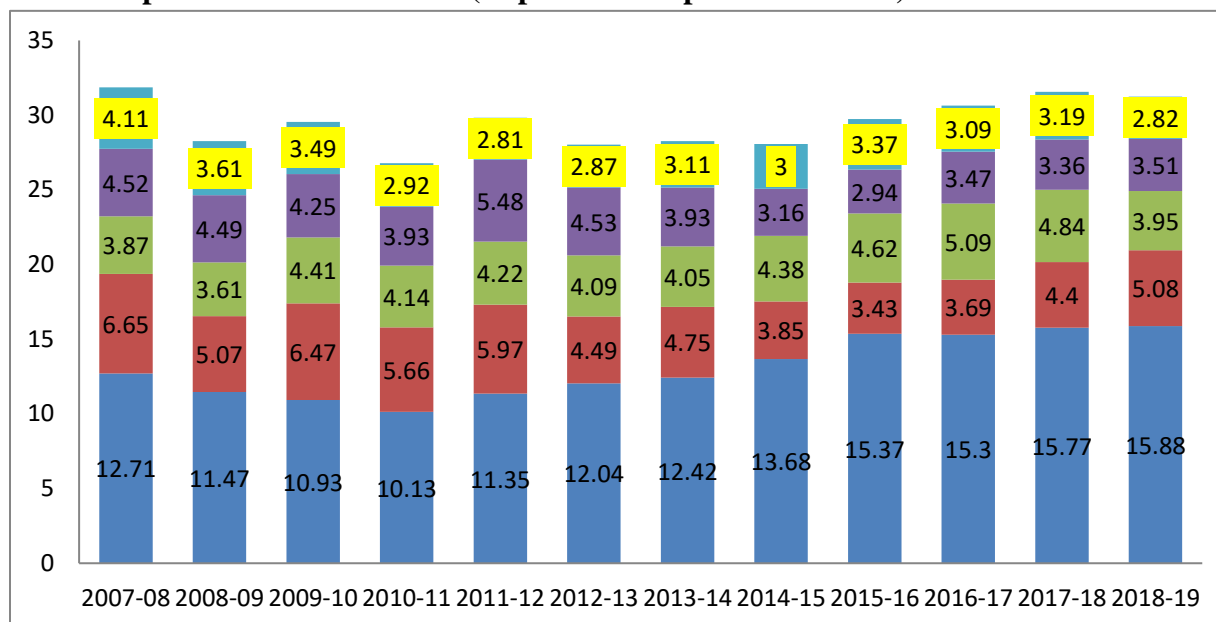
TABLE 2 DIRECTION OF INDIA'S EXPORT

Values in Rupees

Year	USA	CHINA	HONG KONG	SINGAPORE	UK	TOTAL EXPORT	USA	CHINA	HONG KONG	SINGAPORE	UK
2007-08	8338807	4359742	2538525	2966223	2696748	65586352	12.71	6.65	3.87	4.52	4.11
2008-09	9645842	4266133	3039069	3775688	3034458	84075506	11.47	5.07	3.61	4.49	3.61
2009-10	9241651	5471393	3730053	3594830	2947631	84553364	10.93	6.47	4.41	4.25	3.49
2010-11	11519450	6431514	4703842	4473173	3317265	113696426	10.13	5.66	4.14	3.93	2.92
2011-12	16645542	8747082	6187723	8036299	4114023	146595940	11.35	5.97	4.22	5.48	2.81
2012-13	19674080	7352956	6689817	7399497	4687822	163431829	12.04	4.49	4.09	4.53	2.87
2013-14	23658980	9056109	7724096	7496620	5921916	190501109	12.42	4.75	4.05	3.93	3.11
2014-15	25942751	7303043	8311857	5985398	5696907	189634842	13.68	3.85	4.38	3.16	3.00
2015-16	26386049	5893941	7930702	5053132	5776986	171638440	15.37	3.43	4.62	2.94	3.37
2016-17	28300801	6825092	9411493	6411509	5718182	184943355	15.30	3.69	5.09	3.47	3.09
2017-18	30860269.	8599430	9467735	6578931	6243140	195651453	15.77	4.40	4.84	3.36	3.19

2018-19	36648039	11728911	9111742	8094225	6510480	230772619	15.88	5.08	3.95	3.51	2.82
MEAN	20571855	7169612	6570555	5822127	4722130	151756770					
S.D	9495359	2141168	2515000	1809565	1428606	52860600					

Source:- Department of Commerce (Export and Import Data Bank) various Economic survey



The direction of India's export is given in the above table. The actual value of India's directions of foreign trade was increased throughout the study period. The value of India's USA export was increased Rs 36648039 in the year 2018-19 and followed by China, Hong Kong, Singapore and UK.

TABLE 3 DIRECTION OF INDIA'S IMPORT

Values in Rupees

YEAR	USA	CHINA	HONG KONG	SINGAPORE	UK	TOTAL IMPORT	USA	CHINA	HONG KONG	SINGAPORE	UK
2007-08	8462542	10911607	1086707	3268218	1994152	101231170	8.36	10.78	1.07	3.23	1.97
2008-09	8481830	14760560	2973253	3456142	2676771	137443555	6.17	10.74	2.16	2.51	1.95
2009-10	8058433	14604861	2231669	3062331	2112543	136373555	5.91	10.71	1.64	2.24	1.54
2010-11	9135850	19807908	4282512	3254576	2456169	168346696	5.43	11.76	2.54	1.93	1.46
2011-12	11236290	26546562	4957017	3970848	3409394	234546324	4.79	11.32	2.11	1.69	1.45
2012-13	13723859	28438458	4303012	4076395	3423118	266916196	5.14	10.65	1.61	1.53	1.28
2013-14	13561345	30923496	4410706	4106347	3604302	271543391	4.99	11.39	1.62	1.51	1.33

2014-15	13342060	36956536	3408862	4355230	3073280	273708658	4.87	13.50	1.25	1.59	1.12
2015-16	14267820	40405084	3963591	4773489	3393631	249030554	5.73	16.22	1.59	1.92	1.36
2016-17	14965540	41110329	5490618	4754169	2458350	257767537	5.81	15.95	2.13	1.84	0.95
2017-18	17156448	49223616	6877702	4813282	3098947	300103343	5.72	16.40	2.29	1.60	1.03
2018-19	24855377	49207928	12597191	11391875	5274420	359467461	6.91	13.69	3.50	3.17	1.47
MEAN	13103949	30241412	4715237	4606908	3081256	229706537					
S.D	4744250	13384540	2900650	2225035	877424	77191256					

Source:- Department of Commerce (Export and Import Data Bank) various Economic survey

The direction of India’s import is given in the above table. The actual value of direction was increased throughout the study period. The value of India’s USA import was increased Rs 24855377 in the year 2018-19 and followed by China, Hong Kong, Singapore and UK export was increased Rs 5274420 in the year 2018-19.

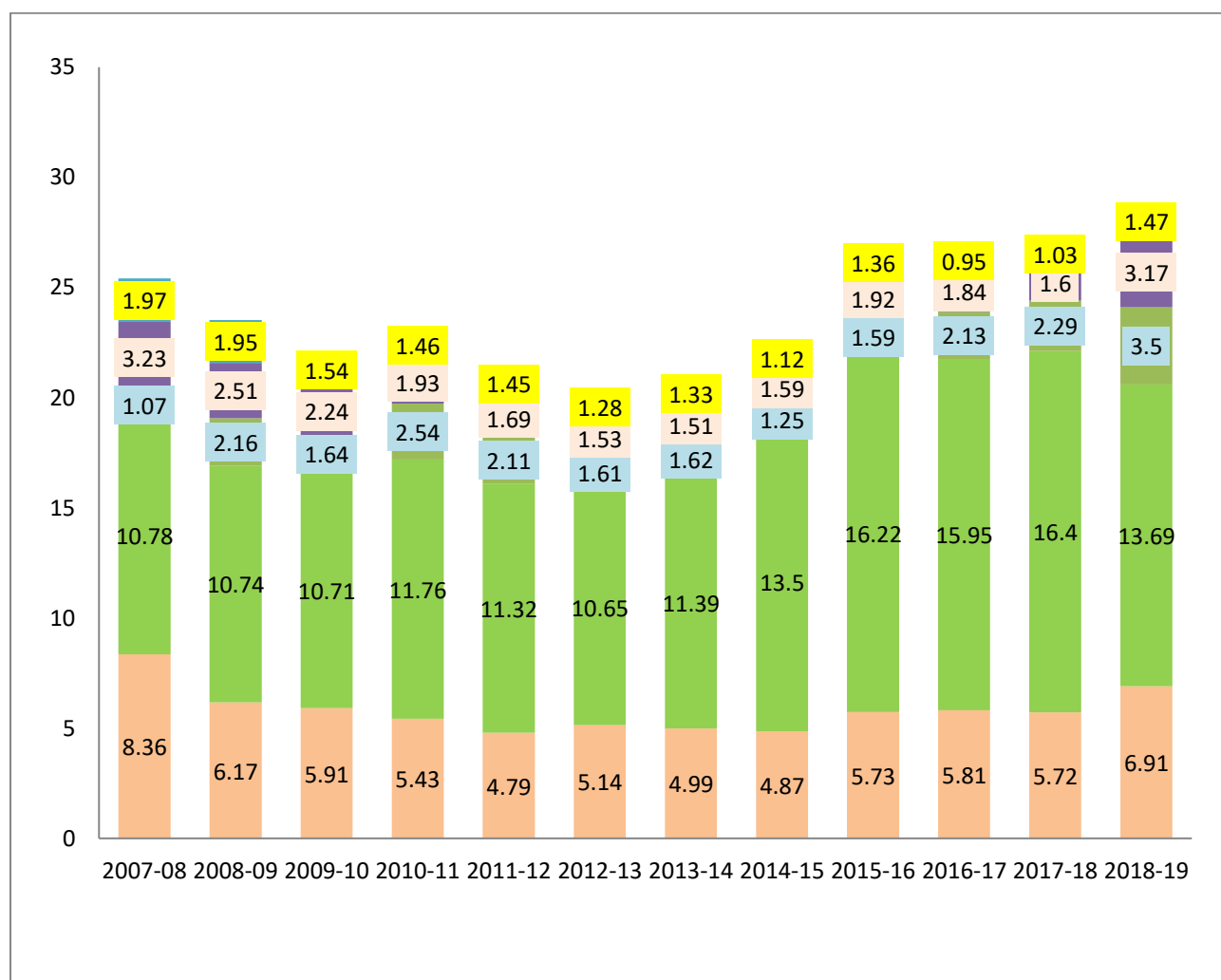
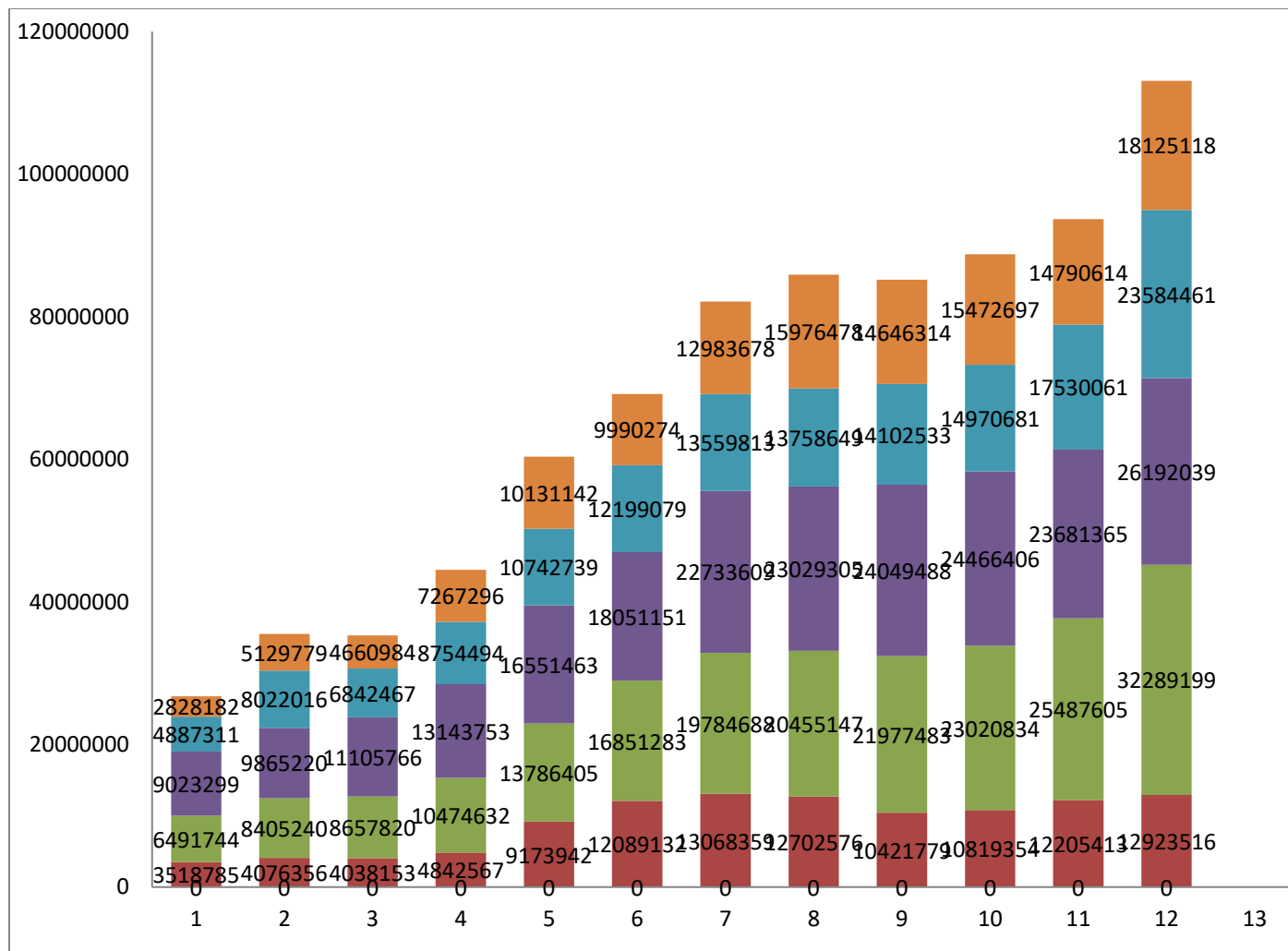


TABLE 4 COMMODITY WISE TOTAL INDIA'S EXPORT

Value in Rupees

YEAR	VEGETABLE PRODUCT	CHEMICALS	TEXTILES	MACHINERY ELECTRICALS	TRANSPORATION	TOTAL EXPORT
2007-08	3518785	6491744	9023299	4887311	2828182	65586352
2008-09	4076356	8405240	9865220	8022016	5129779	84075506
2009-10	4038153	8657820	11105766	6842467	4660984	84553364
2010-11	4842567	10474632	13143753	8754494	7267296	113696426
2011-12	9173942	13786405	16551463	10742739	10131142	146595940
2012-13	12089132	16851283	18051151	12199079	9990274	163431829
2013-14	13068359	19784688	22733609	13559813	12983678	190501109
2014-15	12702576	20455147	23029305	13758649	15976478	189634842
2015-16	10421779	21977483	24049488	14102533	14646314	171638440
2016-17	10819354	23020834	24466406	14970681	15472697	184943355
2017-18	12205413	25487605	23681365	17530061	14790614	195651453
2018-19	12923516	32289199	26192039	23584461	18125118	230772619
MEAN	9156661	17306840	18491072	12412859	11000213	
S.D	3893227	7932686	6343039	5105040	5083536	

Source:- Department of Commerce (Export and Import Data Bank) various Economic survey.



Commodity wise India’s export is given in the above table it was found that Textiles was found leading position in Exports and followed by Chemicals, Machineries, Transportation and Vegetables.

TABLE 5 COMMODITY WISE INDIA’S TOTAL IMPORT

Value in Rupees

YEAR	VEGETABLE PRODUCT	CHEMICALS AND ALLIED	TEXTILE	MACHINERY ELECTRICAL	TRANSPORT ATION	TOTAL IMPORT
2007-08	2507282	7945163	1306488	18262116	8103625	101231170
2008-09	3005612	13870652	1581959	23621641	6091315	137443555
2009-10	4653367	11558705	1592746	21844864	5554295	136373555
2010-11	4719477	13400605	1863323	25602119	5202471	168346696
2011-12	7008005	18269040	2457773	33733917	6760172	234546324
2012-13	9247221	20226308	2914031	35400304	9388825	266916196

2013-14	8957027	21706223	3209829	36173110	9566528	271543391
2014-15	10714122	23580131	3675604	39692676	9161215	273708658
2015-16	12565733	24194399	3837391	45101585	9820497	249030554
2016-17	14151305	23023898	4054077	47392670	12834554	257767537
2017-18	12949620	26853954	4534659	55491849	12077159	300103343
2018-19	11580543	34770635	5170267	67052027	14227808	359467461
MEAN	8504943	19949976	3016512	37447406	9065705	229706537
S.D	4054644	7436560	1273055	14545081	2910750	77191256

Source:- Department of Commerce (Export and Import Data Bank) various Economic survey

Commodity wise India's import is given in the above table it was found that Machinery was found leading position in Imports and followed by Textiles, Chemicals, Transportation and Vegetables.

1.9 FINDINGS

1. From the data observed, it was found that the India's Export, Import and Deficit were also fluctuating trend during the study period but the Export was less than the increasing in Import.
2. The actual value of India's directions of foreign trade was increased. The direction of India's leading Export was USA and followed by China, Hong Kong, Singapore and UK.
3. It was found that direction of India's of Exports and Imports was increased USA and followed by China, Hong Kong, Singapore and UK
4. It was revealed that the commodity wise India's export was Textiles which found leading position and followed by Chemicals, Machinerics, Transportation and Vegetables.
5. It was showed that the commodity wise India's import was Machinery which found leading position and followed by Textiles, Chemicals, Transportation and Vegetables.

1.10 CONCLUSION

The Authors concluded that India's Import are highly dominating role than Exports. The increasing Imports which will make ill effect in the economy. Therefore, the Export should be enlarged by way of various Government Policies and terms of Special Economic Zone and Export Promotion Zone. Trade Deficit which has been increased only through more Imports. So it can be controlled in order to attain favourable growth of economy.

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