THINK INDIA JOURNAL

ISSN:0971-1260
Vol-22- Issue-14-December-2019

Recent Trends In The Structure Of India's Foreign Trade

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Abstract

World economy has witnessed a paradigm shift towards market oriented economic policies since 1990s. This in turn with the implementation of New Economic Policy in India has helped it to gain access to 'world markets, modern technologies and collaborations'. Foreign trade has become an effective instrument of economic growth and employment generation (Mathur, 2009). Since 1991, the Government of India has introduced a series of reforms to liberalise, privatise and globalize the Indian economy, with emphasis on external sector. The new trade policy abolished the import licensing with respect to import of most machinery, equipment and manufactured intermediate products. A number of duty remission and exemption schemes were in place to facilitate exports.

India's foreign trade policy modifications brought out the importance of increasing exports and facilitate those imports, which are essential to stimulate the Indian economy. For example, there was reduction for paper work required to obtain export finance or permission to export. Private enterprises were encouraged to enter into foreign market. There have been significant shift not only in the product basket, but also in the geographical composition of India' foreign trade. The massive increase in the foreign trade obtained by the progress of the Indian economy sustained an increase in GDP growth over last two decades. Indian exports have increased 17 times and imports by 19 times. The foreign trade, which constituted around 13-15 percent of India's GDP in the early nineties, accelerated to 55 percent in 2012-13 and accounted around 40 percent during 2016-17. India also was ranked as the 20th largest exporter and 14th largest importer in the world in 2016. India's foreign trade emerged multifold increase after liberalization of the Indian economy. Hence, against this background, this paper tries to analyse the export – import structure of India since 1991[1]

Key words: Trade, Globalization, Exports, Imports, Commodities. GDP.

INTRODUCTION:-

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ISSN:0971-1260
Vol-22- Issue-14-December-2019

Foreign trade is recognised as the most significant determinant of economic development of a country, all over the world. For providing, regulating and creating necessary environment for its orderly growth, several fact have been put in place .The foreign trade of a country consists of inward and outward movement of goods and services, which result into outflow and inflow of foreign exchange. Foreign trade has been playing a crucial role in India's economic development for centuries. The last seventy years have seen International trade expanding faster than output by a significant margin, increasing the degree to which national economics rely on foreign trade in overall economic activity. Foreign trade is now an integral part of International economic relations and it provides crucial foreign exchange reserves, which would contribute to the greater efficiency in resources, use better technology and better quality. Internationalization of production, trade, marketing, information research and analysis, technology transfer, human resource development has now reached an unprecedented level of intensity. In this fluid state of the world economic scene, India's external trade sector should rise to the opportunities of making the best use of the potentialities and beware of the pitfalls and bottlenecks. Since Exports should plays a very significant role at present years, the exports strategy should be deigned on a more comprehensive and integrated framework than the one which is adopted at present. According to classical economists, foreign trade acts as an Engine of growth. Exports impel growth by increasing factor incomes and thereby raising demand, which in turn stimulate technological change and productivity improvement in the economy.

World economy has witnessed a paradigm shift towards market oriented economic policies since 1990. This in turn with the implementation of New Economic Policy in India has helped it to gain access to 'world markets, modern technologies and collaborations'. Foreign trade has become an effective instrument of economic growth and employment generation (Mathur, 2009). Since 1991, the Government of India has introduced a series of reforms to liberalise, privatise and globalize the Indian economy, with emphasis on external sector. The new trade policy abolished the import licensing with respect to import of most machinery, equipment and manufactured intermediate products. A number of duty remission and exemption schemes were in place to facilitate exports. India's foreign trade policy modifications brought out the importance of increasing exports and facilitate those imports, which are essential to stimulate the Indian economy. For example, there was reduction for paper work required to obtain export finance or permission to export. Private sectors were encouraged to enter into foreign market.

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ISSN:0971-1260
Vol-22- Issue-14-December-2019

India's growth especially from 21st century found to more progressive, the Indian economy has come from a long path since its economic liberalization and now became the fastest growing major economies of the world. Although India witnessed a relatively moderate growth during the period 2011-12 to 2013-14, on account of global economic slowdown the economy recorded a growth 7.5 percent during the period 2014-14 to 2016-17 much higher than the developing economies. In the last one year, it has been observed a major economic policy development with the introduction of Goods and Service Tax (GST) and demonetization of higher currency notes.

There have been significant shift not only in the product basket, but also in the geographical composition of India' foreign trade. The massive increase in the foreign trade obtained by the progress of the Indian economy sustained an increase in GDP growth over last two decade. Indian exports have increased 17 times and imports by 19 times. The foreign trade, which constituted around 13-15 percent of India's GDP in the early nineties, accelerated to 55 percent in 2012-13 and accounted around 40 percent during 2016-17. India also was ranked as the 20th largest exporter and 14th largest importer in the world in 2016. India's foreign trade emerged multifold increase after liberalization of the Indian economy. Hence, against this background, this paper tries to analyse the export – import structure of India since 1991 with the following objectives.

OBJECTIVES OF THE STUDY:-

- To examine the trends and growth rates of exports and imports of India since 1991 to 2018,
- To analyse the growth rate of principal commodities of exports and imports of India since 1991 to 2018

METHODOLOGY:-

For the present study, time series data have been obtained from Handbook of Statistics on Indian Economy 2013, published by the Reserve Bank of India. The data for the study was secondary in nature. Data was collected from the Year Book of International Financial Statistics, published by the International Monetary Fund, and the Hand Book of Indian Economy published by the Reserve Bank of India for the period 1991 to 2018. An annual growth rate was calculated for decade wise data on the exports and imports of India.

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ISSN:0971-1260
Vol-22- Issue-14-December-2019

. The Foreign Trade of a country consists of inward and outward movement of goods and services, which result in to out flow and inflow of foreign exchange from one country to another country. Foreign trade certainly makes a difference in India's economic affairs. In the past 10 years, however, India's GDP expanded faster than its international trade did. The value of trade peaked at almost 46% of GDP in the fiscal year 2012/13, but has since declined to about 30% in 2017/18.

The analysis is broadly presented in four sections.

The first section deals with general trends in India's foreign trade.

The second section presents total value of exports and imports.

The third section provides principal commodities of total exports and imports.

The fourth section analyses the summary, findings and policy suggestions.

SECTION: 1

GENERAL TRENDS IN INDIA'S FOREIGN TRADE

The following table 1 analyses the trends of India's exports, imports and trade balance

Table-1

Total Exports and Imports of India's Trade and Trade Balance Since 1991-2018 (US $ millions)

Year	Total Exports	Total Imports	Trade Balance
1991-92	17.8654	19.4105	-1.5451
1992-93	18.5372	21.8816	-3.3444
1993-94	22.2383	23.3062	-1.0679
1994-95	26.3305	28.6544	-2.3239
1995-96	31.7949	36.6753	-4.8804
1996-97	33.4697	39.1324	-5.6627
1997-98	35.0064	41.4845	-6.4781
1998-99	33.2187	42.3887	-9.17
1999-00	36.8224	49.6707	-12.8483
2000-01	44.5603	50.5365	-5.9762
2001-02	43.8267	51.4133	-7.5866
2002-03	52.7194	61.4121	-8.6927
2003-04	63.8426	78.1491	-14.3065
2004-05	83.5359	111.5174	-27.9815
2005-06	103.0905	149.1657	-46.0752
2006-07	126.4141	185.7352	-59.3211
2007-08	162.9042	251.4392	-88.535
2008-09	185.295	303.696	-118.401
2009-10	178.7514	288.3737	-109.6223
2010-11	251.1362	369.7691	-118.6329
2011-12	305.9639	489.3195	-183.3556
2012-13	300.4007	490.7366	-190.3359
2013-14	314.4157	450.2136	-135.7979

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ISSN:0971-1260
Vol-22- Issue-14-December-2019

2014-15	310.5339	448.0334	-137.4995
2015-16	262.2901	381.0076	-118.7175
2016-17	275.8524	384.357	-108.5046
2017-18	303.3762	465.5783	-162.2021

Source: * Hand Book of Indian Economy, Reserve Bank of India 2018 ,
** calculated values
***Yearbook of International financial statistics, (Various issues),
International Monetary Fund (IMF) Washington D.C. U.S.A.

The above table depicts the scenario of exports and imports on the following lines, imports as well as exports have grown over the period, imports have exceeded exports every year, the amount of trade deficit has increased during the given period.

The data reveals that large economic reforms in Liberalization and globalization policies, envisages the significant development in the current account of exports and imports of India. The data shows that the beginning of the 1991-92, there were only around US $ 17.8654 million of exports and US $ 19.4105 million of imports in India.

THE GROWTH IN EXPORTS:-

The total exports in 1999-2000 was US $ 36.8224 million and imports in the same period was US $ 49.6707 million and the trade deficit constituted US $ -12.8483 million. In 2008-09, exports have been increased to US $ 185.295 million and imports also risen to US $ 303.696 million and the deficit in trade was registered with a negative value of US $ -118.401 million respectively. Due to uncertain global scenario, the government of India did not fix a target for 2009-10. Nevertheless, the foreign trade policy 2009-2014, had set the objective of an annual 15 percent growth in export target and US $ 200 million export by March 2011. However, unfortunately, it could not achieve by its expectations due to some economic crisis, which took place in this period. Further, the total exports have been raised to US $ 314.4157 million and imports also accelerated to US $ 450.2136 million which shows that imports has exceeded exports in the period 2013-14.

Moreover, a deficit took place during the same period i.e., US $ -135.7979 million. The export of India has decreased from US $ 314.4157 million to US $ 303.3762 million during 2017-18. From 1991-92 to 2017-18, a highest export rate has registered in the year was 2013-14 with US $ 314.4157 million.

GROWTH IN IMPORTS:-

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ISSN:0971-1260
Vol-22- Issue-14-December-2019

Coming to imports, there has been acceleration from US $ 450.2136 million to US $ 465.5786 million in 2013-14 to 2017-18. The highest import value has registered i.e., US $ 490.7366 million in 2012-13 when compared from the beginning of the reforms period to present i.e., since 1991 to 2018.

GROWTH IN DEFICIT:-

From the available data it has been recorded that imports increased rapidly than exports of India's trade from 1991 to 2018 which leads to an unfavorable trade in the Balance of payment and trade deficit has continuously raised to US $ -162.2021 million during 2017-18. Prior to Economic reforms 1991, there was a continuous negative trade balance registered in India from 1950 to till the first years of 1970's. However, India has a favorable trade balance i.e., in 1972-73, exports were US $ 1971 million whereas, imports were US $ 1867 million and the trade balance was US $ 104 million and in 1976-77, exports were US $ 5142 million and imports were US $ 5074 million, where a positive trade balance had registered with US $ 68 million respectively. These two financial years are the only financial years in the history of Post-independence in India in which India had a favorable trade balance. After that, negative trade balance has increased in post liberalization era. In the Post liberalization, the devaluation of rupee in current account tried to create a favorable trade, which was evident in the year 1993-94 and 1995-96, but, in the subsequent years, the trade deficit has increased.

The value of exports in India from 1991-2018 is presented in Table.2

SECTION: 2

The value of exports in India from 1991-2018 is presented in Table.2.1

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ISSN:0971-1260
Vol-22- Issue-14-December-2019

Table-2.1
Total Value of Exports in India from 1991 to 2018 (US$ billions)

Year	Export of India (US$ billion)***	Annual Growth rate Of export** (%)	Trend Values**
1991-92	17.8654	-1.54	-40.218
1992-93	18.5372	3.76	-26.799
1993-94	22.2383	19.97	-13.38
1994-95	26.3305	18.40	0.039
1995-96	31.7949	20.75	13.458
1996-97	33.4697	5.27	26.877
1997-98	35.0064	4.59	40.296
1998-99	33.2187	-5.11	53.715
1999-00	36.8224	10.85	67.134
2000-01	44.5603	21.01	80.553
2001-02	43.8267	-1.65	93.972
2002-03	52.7194	20.29	107.391
2003-04	63.8426	21.10	120.81
2004-05	83.5359	30.85	134.229
2005-06	103.0905	23.41	147.648
2006-07	126.4141	22.62	161.067
2007-08	162.9042	28.87	174.486
2008-09	185.295	13.74	187.905
2009-10	178.7514	-3.53	201.324
2010-11	251.1362	40.49	214.743
2011-12	305.9639	21.83	228.162
2012-13	300.4007	-1.81	241.581
2013-14	314.4157	4.66	255.000
2014-15	310.5339	-1.23	268.419
20115-16	262.2901	-15.53	281.838
2016-17	275.8524	5.17	295.257
2017-18	303.3762	9.97	308.676

Source:* Hand Book of Indian Economy, Reserve Bank of India 2018 ,
** calculated values
***Yearbook of International financial statistics, (Various issues),
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ISSN:0971-1260
Vol-22- Issue-14-December-2019

From the above table it can be noticed that, the calculated trend value and Annual growth rate of exports was represented in the above Table-2.1. The analysis on Exports of India for the period 1991-2018 reveals that India's exports have accelerated from $ 17.86 billion in 1991-92 to $ 303.37 billion in 2017-18 with some sort of variations in between years. A remarkable increase in the annual growth rate of exports was identified in the year 2010-11, with the annual growth rate of 40.49 percent. The export of India has risen from $ 103.09 billion in 2005-06 to $ 126.41 billion in 2006-07. The East Asian crises of 1997 had a serious impact on India's exports, which accounted a negative growth of -5.11 percent in 1998-99, the first time after liberalization. In 2001-02, India had another drawback in its exports with the terrorist attack on the world trade centre, India's export growth rate was -1.65 percent. Due to global financial crises the export of India had declined from $ 185.29 billion in 2008-09 to $ 178.75 billion in the year 2009-10 registering a negative growth rate of -3.53 percent in 2009-10. The data indicates that India's trade basket changed in between 2013-14 to 2017-18.

s It identifies that exports rose to the highest level constituting $ 314.41 billion in the year 2013-14, which indicates significantly different due to declining of petroleum products and increasing manufacturing items. Exports during March 2018 have valued at $ 29.11 billion as compared to $ 29.30 billion during March 2017-exhibited negative growth of 0.66 percent. India has projected growth at the rate of 7.4 percent in 2018 thus becoming the fastest growing economy in the World (IMF, 2018). The trend values of Exports in India have shown a steady increase from $ -40.21 billion in 1991-92 to $ 93.97 billion in 2011-12 and further increased to $ 308.67 billion in 2017-18. Strong trade growth is an assign of strong economic growth as trade provides a way for developing and emerging economies to grow quickly.

The information relating to total value of imports in India are presented in the following Table

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ISSN:0971-1260
Vol-22- Issue-14-December-2019

Table-2.2
Total Value of Imports in India from 1991 to 2018(US$ billions)

Year	Import of India (US$ billions)	Annual Growth rate Of import (%)	Trend Values
1991-92	19.4105	-19.37	-247.8
1992-93	21.8816	12.73	-227.15
1993-94	23.3062	6.51	-206.5
1994-95	28.6544	22.95	-185.85
1995-96	36.6753	27.99	-165.2
1996-97	39.1324	6.70	-144.55
1997-98	41.4845	6.01	-123.9
1998-99	42.3887	2.18	-103.25
1999-00	49.6707	17.18	-82.6
2000-01	50.5365	1.74	-61.95
2001-02	51.4133	1.73	-41.3
2002-03	61.4121	19.45	-20.65
2003-04	78.1491	27.25	0
2004-05	111.5174	42.70	20.65
2005-06	149.1657	33.76	41.3
2006-07	185.7352	24.52	61.95
2007-08	251.4392	35.38	82.6
2008-09	303.696	20.78	103.25
2009-10	288.3737	-5.05	123.9
2010-11	369.7691	28.23	144.55
2011-12	489.3195	32.33	165.2
2012-13	490.7366	0.28	185.85
2013-14	450.2136	-8.25	206.5
2014-15	448.0334	-0.48	227.15
20115-16	381.0076	-14.96	247.8
2016-17	384.3570	0.87	268.45
2017-18	465.5783	21.13	289.1

Source:* Hand Book of Indian Economy, Reserve Bank of India 2018,
** calculated values
***Yearbook of International financial statistics, (Various issues),
International Monetary Fund (IMF) Washington D.C. U.S.A.

The above table indicates the annual growth rates of Imports and the trend values since 1991. The Imports of India have shown a gradual increase in the first decade of the post reform period; though a negative growth was evident in 1991-92. Imports have increased from $ 19.4105 billion in 1991-92 to $ 49.6707 billion in the year 1999-2000. Though

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ISSN:0971-1260
Vol-22- Issue-14-December-2019

Imports of India had shown an increasing trend, the annual growth rate was fluctuating in the first decade. The highest annual growth rate of Imports was observed in 1995-96 constituting 27.99 percent in the first decade of the reform period.

In the second decade of the reform period, an increasing trend in India's Imports continued. In 2009-10, the Imports of India has declined to $ 288.3737 billion from $ 303.596 billion in 2009-10. Hence, the annual growth rate was negative. It was -5.05 percent. In 2010-11, the Import of India has recovered and increased to $ 369.769 billion in 2010-11. The Import of India had grown at a rate of 28.23 percent in 2010-11. In the year 2011-12, the growth rate was the highest with 32.33 percent. Again in the year 2014-15, the annual growth rate of India's Imports has declined to -0.48 percent. The annual growth rate of Imports has increased to $ 465.57 billion in the year, 2017-18 that constitutes 21.13 percent mainly due to rise in Crude Oil prices.

The increasing trade deficit inspite of positive growth of exports is mainly due to higher imports of products such as Crude oil, electronic goods, Iron and steel, chemicals, coke, fertilizers and machinery as these products contributes over 70 percent share in the total imports in 2017-18. The trend value of imports of India has shown quite fluctuating in the first and second decades but from 2004-05 to 2017-18, it indicates a steady growth from $ 20.65 billion in 2004-05 increased to $ 289.1 billion in 2017-18.

The statistical information regarding principle commodities of total exports are presented in the following table,4.

SECTION :3

STRUCTURAL CHANGES IN COMPOSITION OF INDIA'S TRADE:-

Table-3.1

Principal Commodities of Total Exports in India (US$ billions) (Growth Rates)

Year	Primary products		Manufactured products	Petroleum products	Other Commodities	Total exports/All commodities
	Agricultural and allied products	Ores and minerals				
1991-92	3202.5	929.7	13148.4	414.7	170.1	17865.4
1992-93	3135.8	737.8	14038.8	476.2	148.6	18537.2
1993-94	4027.5	888.2	16656.7	397.8	268.1	22238.3
1994-95	4226.1	988.3	20404.4	416.9	294.8	26330.5
1995-96	6081.9	1174.9	23747.0	453.7	337.4	31794.9
1996-97	6862.7	1172.4	24613.4	481.8	339.4	33469.7
1997-98	6626.2	1061.1	26546.6	352.8	419.7	35006.4
1998-99	6034.5	893.4	25791.5	89.4	409.9	33218.7

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ISSN:0971-1260
Vol-22- Issue-14-December-2019

1999-00	5608.0	916.1	29714.4	38.9	545	36822.4
2000-01	5973.2	1153.0	34335.2	1869.7	1229.2	44560.3
2001-02	5901.2	1262.4	33369.7	2119.1	1174.3	43826.7
2002-03	6710.0	1996.0	40244.5	2576.5	1192.4	52719.4
2003-04	7533.1	2368.7	48492.1	3568.4	1880.3	63842.6
2004-05	8474.7	5078.6	60730.7	6989.3	2262.6	83535.9
2005-06	10213.8	6163.6	72562.8	11639.6	2510.7	103090.5
2006-07	12683.4	7002.5	84920.4	18634.6	3173.2	126414.1
2007-08	18432.1	9119.8	102978.8	28363.1	4010.5	162904.3
2008-09	17534.9	7800.5	123148.9	27547.0	9263.7	185295.0
2009-10	17734.1	8662.5	115180.7	28192.0	8982.1	178751.4
2010-11	24207.6	8636.6	157994.3	41480.0	18817.7	251136.2
2011-12	37473.3	8450.3	185422.6	56038.5	18579.2	305963.9
2012-13	40641.5	5558.5	183718.8	60290.7	10361.1	300570.6
2013-14	32830.0	5580.3	187960.8	63179.4	24865.4	314415.7
2014-15	31892.6	4426.8	197908.5	56794.1	19329.9	310533.9
2015-16	26356.8	3803.2	182836.0	30423.5	18584.1	262290.1
2016-17	28275.7	5111.7	194045.9	31545.5	16873.7	275852.4
2017-18	32879.4	5246.1	209514.6	37456.6	18279.4	303376.2
Gr(1999-00)	9.5*	1.7*	10.3*	-24.3*	14.6*	9.7*
Gr(2000-09)	15.5*	28.4*	17.3*	39.5*	23.4*	19.8*
Gr(2009-18)	3.3*	-9.0*	5.1*	-1.6*	5.2*	3.5*

Source:* Hand Book of Indian Economy, Reserve Bank of India 2018 ,
** calculated values
***Yearbook of International financial statistics, (Various issues), International Monetary Fund (IMF) Washington D.C. U.S.A.

From the above table it can be observed that the exports of principal commodities includes exports of Agricultural and allied products, ores and minerals, manufactured products, petroleum products and total exports of all commodities have shown in the above table 3.1. An overall trend in exports of principal commodities of India from the year 1991-92 to 2017-18 has been observed in the table. decadel changes in the structure of India's exports.

The entire data has been arranged into three decades. It was revealed from the data that the export of manufactured goods was the principal item in the exports of India. The export of manufactured goods has increased from $ 13148.4 billion in 1991-92 to $ 29714.4 billion 1999-2000 and manufactured goods have 73.4 percent of total exports in 1996-97, which increased to75.7percent in 1999-2000. In the same decade, the agricultural & allied products stood as the second important export item in exporting. In India the agricultural and allied products export was $ 3202.5 billion in 1991-92, it has increased to US$ 5608 billion in 1999-2000, and these products constituted 20.4 percent in 1996-97, which decreased to 18.8 percent in 1999-2000. The growth rate of manufactured products for the first decade was 10.3

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ISSN:0971-1260
Vol-22- Issue-14-December-2019

percent whereas the growth rate of agricultural and allied products was 9.5 percent. During the first decade, the export of petroleum products was the third important item in the export component of India which constituted US$ 414.7 billion in 1991-92 has decreased to US$ 39.9 billion during the year 1999-2000 with a negative growth rate of -24.3 percent respectively. Moreover, in this period ores and minerals constituted 3.5 percent in 196-97, which declined to 3 percent in 1999-2000. Crude and Petroleum products constituted 1.4 percent in 1996-97 that increased to 1.3 percent in 1999-2000.

In the second decade of economic reforms, the petroleum products occupied the first place in the India's exports. It has revealed a high growth rate i.e., 39.5 percent during the year 2000-09. Whereas, the petroleum products have been increased from US$ 1869.7 billion in 2000-01 to US$ 37456.6 billion during the year 2017-18. In the meanwhile, exports of Ore and minerals exhibited a high growth rate with 28.4 percent in the second decade of economic reforms. It consists of US$ 1153.0 billion in 2000-01 toUS$ 246.1 billion during 2017-18.

The manufactured products have trolled down to third place of exports of India. Significantly, the manufactured products have the dominant item in India's exports in the first decade of economic reforms. Slowly these manufactured products have trolled downwards to third place in the second decade of economic reforms which consists of US$ 34335.2 billion in the year 2000-01 has increased to US$ 115180.7 billion during the year 2009-10. It reveals a growth rate of 17.3 percent in the second decade from 2000-09 occupying third position in the scenario. The total exports of all commodities have grown at the rate of 9.7 percent in the first decade to 19.8 percent in the second period of economic reforms.

In the third decade of economic reforms, the scenario has been changed. Once again, the manufactured products exports have increased from US$ 115180.7 billion in 2009-10 to US$ 209516.6 billion during the end of 2017-18, with the growth rate about 5.1 percent, and its overall growth rate has pointed at 11.8 percent. The export of petroleum products have increased from US$ 28192.0 billion in the year 2009-10 to US$ 37456.6 billion in the year 2017-18 with a negative growth rate of -1.6 percent and the overall growth from 1991 to 2018 has pointed at 25.5 percent respectively. Moreover, the exports of agricultural and allied products performance in the third decade of economic reforms reveals somewhat sluggish with only 3.3 percent growth. The export of agricultural and allied products have increased from US $ 17734.1 billion in 2009-10 which further increased to US$ 40641.5 billion in 2012-13 and slightly slow down to US$ 32879.4 billion during the year 2017-18 and the overall growth rate of 1991 to 2018 was 9.9 percent. Whereas, the overall import of total

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ISSN:0971-1260
Vol-22- Issue-14-December-2019

commodities have grown at the rate of 3.5 percent which indicates a little move of agricultural products. The total export of all commodities consists of US$ 17875.4 billion, which has incremented to $ 303376.2 billion during 2017-18. The total growth rate was 12.6 percent from 1991 to 2018 and it revealed from the data that the exports of India have grown at a higher rate in the second decade rather than in the first and third decades.

The overall growth rates of all principal commodities of the Exports of India indicates that, Petroleum products are having higher growth rate with 25.5 percent and the second place was occupied with about 21.3 percent by the other commodities group followed by manufactured products and Agricultural allied products, ores and Minerals of primary products in India since 1991 to 2018 respectively. Moreover, the overall principal commodities of exports of total growth rate have pointed at 12.6 percent from 1991 to 2018. Hence, these overall growth rates revealed that there was a positive growth performance occurring by some important principal commodities in India's exports in the post economic reforms.

The decadel changes taken place in India's import structure are presented in the following Table

Table-3.2

Principal Commodities of Total Imports in India (US$ billions) (Growth Rates)

Year	Bulk Imports	Petroleum, Crude & Products	Edible Oils	Pulses	Fertilizers	Iron& Steel	Machine Tools	Non-bulk Imports	Total Imports All Commodities
1991-92	8562.8	5324.8	100.5	103.5	1908.4	798.9	172.8	10847.8	19.4105
1992-93	9829.8	6100.0	57.6	115.5	1955.4	778.6	166.1	12051.8	21.8816
1993-94	9112.2	5753.5	53.1	180.7	1651.8	795.0	154.6	14194.0	23.3062
1994-95	11320.6	5927.8	198.8	188.8	2104.7	1163.6	213.6	17333.8	28.6544
1995-96	14314.3	7525.8	676.2	205.0	3365.4	1446.2	371.9	22361.0	36.6753
1996-97	16365.1	10036.2	825.1	250.8	1822.4	1370.6	525.0	22767.4	39.1324
1997-98	14790.1	8164.0	743.9	321.4	2233.2	1421.1	422.2	26694.4	41.4845
1998-99	13230.1	6398.6	1803.9	168.5	2152.7	1063.5	346.9	29158.6	42.3887
1999-00	19646.1	12611.4	1856.8	81.9	2798.3	951.7	261.5	30024.6	49.6707
2000-01	20815.7	15650.1	1308.2	109.1	1503.6	777.8	219.1	29720.8	50.5365
2001-02	20263.1	14000.3	1355.6	662.6	1358.0	833.7	193.0	31150.2	51.4133
2002-03	24299.5	17639.5	1814.2	565.6	1251.5	943.7	246.9	37112.6	61.4121
2003-04	29461.5	20569.5	2542.5	497.2	1441.6	1506.1	460.1	48687.6	78.1491
2004-05	42400.7	29844.1	2465.3	395.6	2754.3	2669.7	620.4	69116.7	111.5174
2005-06	61086.1	43963.1	2024.0	559.3	4254.0	4572.2	1076.2	88079.6	149.1657
2006-07	84235.8	56945.3	2108.3	860.1	6288.1	6424.7	1481.3	101499.4	185.7352
2007-08	112744.7	79644.5	2558.6	1335.0	10811.7	8690.2	2208.2	138694.4	251.4392

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ISSN:0971-1260
Vol-22- Issue-14-December-2019

2008-09	138791.0	93671.7	3443.4	1358.1	27253.0	9475.3	2259.8	164905.3	303.696
2009-10	125315.1	87135.9	5582.1	2068.4	13673.8	8240.9	1655.7	163057.7	288.3737
2010-11	151167.1	105964.4	6553.7	1569.2	14324.1	10375.9	2255.3	218602.0	369.7691
2011-12	214933.0	154967.6	9652.0	1863.7	23202.5	12009.3	2986.2	274386.5	489.3195
2012-13	225967.5	169319.3	11230.8	2341.2	18170.5	10944.6	2761.5	261914.7	490.7366
2013-14	216172.4	164770.3	9389.7	2119.3	6447.0	12686.0	3064.4	264769.3	450.2136
2014-15	199722.9	138325.5	10621.5	2786.1	7685.1	16301.3	3137.2	234041.2	448.0334
2015-16	141638.3	82944.5	10492.1	3902.2	8288.6	14977.5	2757.5	248310.5	381.0076
2016-17	139557.3	86963.8	10892.7	4244.1	5155.1	11683.0	3034.6	239369.5	384.3570
2017-18	170271.7	108658.6	11637.5	2908.3	5542.2	14617.5	3519.6	244799.7	465.5783
Gr(1991-00)	9.3*	8.0*	47.8*	2.7*	3.8*	4.9*	11.3*	13.8*	12.0*
Gr(2000-09)	26.6*	25.8*	9.7*	21.9*	36.9*	36.6*	35.1*	23.2*	24.7*
Gr(2009-18)	0'	-1.9'	7.6'	10'	-16'	5.8'	6.5'	2.6'	2.4'
Gr(1991-2018)	14.3'	15.0'	18.6'	14.7'	8.4'	13.8'	13.4'	13.8'	14.1'

Source:* Hand Book of Indian Economy, Reserve Bank of India 2018 ,
** calculated values
***Yearbook of International financial statistics, (Various issues), International Monetary Fund (IMF) Washington D.C. U.S.A.

The above table reveals the data of principal commodities of total imports since 1991-92 to 2017-18 along with the calculated decadal and overall growth rates for the period. As the study presented in the first chapter that, these principal commodities of imports have been categorized into two groups i.e., Bulk imports and Non-Bulk imports respectively. According to the exhibited data, the entire analysis has explained separately.

Bulk imports have categorized into three components i.e., (a) Petroleum, Crude and products,(b) bulk consumption goods comprising of basic raw materials, intermediates and foodstuff i.e., cereals and pulses, Edible oils and (c) other bulk items consists of fertilizers, paper & paper boards, pulp and waste paper, Coal, Coke, Briquettes etc, Metal ferrous ores, Metal scrap etc., sulpher and unroasted Iron pyrites, non-ferrous metals and iron and steel etc.

Non-Bulk imports which includes capital goods, mainly, exports related items, and other products etc.

First decade:-

The entire data has been arranged into three decades. It was revealed from the data that, the imports of bulk items in the first decade, has increased from US$8562.8 billion in 1991-92 to US$ 19646.1 billion in 1999-2000 with a growth rate of 9.3 percent. In the same

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ISSN:0971-1260
Vol-22- Issue-14-December-2019

decade, the non-bulk of imports have also increased from US$ 10847.8 billion to US$ 30024.6 billion in 1991-92 and 1999-2000 respectively. The Petroleum, Crude and products in this decade was US$ 5324.8 billion in 1991-92 increased to US$ 12611.4 billion in 1999-2000 and in 1996-97, it has decreased to US $ 10036.2 billion and further declined from US$ 8164.0 billion in 1997-98 to US$ 6398.6 billion in 1998-99. In this decade, this product's growth rate was 8 percent. Whereas, the Edible oils are fluctuating in this period that, the data shows a declining path from US$ 100.5 billion in 1991-92 to US$ 53.1 billion in 1993-94 and it has increased from US$ 198.8 billion in 1994-95 to US$ 1856.8 billion in 1999-2000 with a decadal growth rate of 47.8 percent respectively. Coming to pulses, fertilizers, which comprising of a little change in their imports, where pulses slightly changed from US$ 103.5 billion in 1991-92 to US$ 321.4 billion in 1997-98 which has declined from US$ 168.5 billion in 1998-99 to US$ 81.9 billion in 1999-2000 with a growth rate of 2.7 percent, which shows a favorable import ratio in this decade. Fertilizers have also shows a slight change from 1991-92 to 1995-96 i.e., US$ 1908.4 billion and US$ 3365.4 billion respectively. It declined to US$ 1822.4 billion in 1996-97 and increased to US$ 2798.3 billion in 1999-2000 with a growth rate of 3.8 percent in this decade. Iron and steel is also shown a little increasing rate from US $ 798.9 billion in 1991-92 to US$ 1421.6 billion in 1997-98 and it has been declined to US$ 951.7 billion in 1999-2000 with a growth rate i.e., 4.9 percent. Machine tools have increased from US$ 172.8 billion in 1991-92 to US$ 525.0 billion in 1996-97 and it has trolled down to US$ 261.5 billion in 1999-2000 with a growth rate of 11.3 percent. In the first decade, the total imports of all commodities have raised from US$ 19.4105 billion in 1991-92 to US$ 49.6707 billion in 1999-2000 with a growth rate of 12 percent. Moreover, the growth of edible oils have occupied first place in the Bulk items and the second position was occupied by non-bulk items followed by all other commodities of imports.

Second decade:-

In the second decade of economic reforms, fertilizers and Iron and steel have occupied the first position with a high growth rate in 2000-01 to 2008-09. Where, Iron & steel have risen from US$ 777.8 billion in 2000-01 to US$ 9475.3 billion in 20008-09 with a growth rate of 36.6 percent and the fertilizers have also increased from US$ 1503.6 billion in 2000-01 to US$ 27253.0 billion in 2008-09 with a growth rate of 36.9 percent during the decade. The second highest place was occupied by machine tool commodities with a high growth rate of 35.1 percent which has increased from US$ 219.1 billion in 2000-01 to US$ 2259.8 billion in 2008-09. Whereas, the total imports of all commodities consists of a decadal growth rate at 24.7 percent followed by other bulk items like pulses with 21.9 percent growth rate and non-

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ISSN:0971-1260
Vol-22- Issue-14-December-2019

bulk imports with 23.2 percent growth rate respectively. The third highest position was occupied by Petroleum, Crude and products with a growth rate of 25.8 percent in this decade, which consists of an increasing change from US$ 15650.1 billion in 2000-01 to US$ 93671.7 billion in 2008-09. The second decade had revealed that, Bulk items like Iron & steel, fertilizers, machinery are having high level of import participation when compared to other commodities from 2000 to 2009, which shown an unfavorable condition in these particular commodities in India.

Third decade:-

In the third stage of economic reforms i.e., from 2009-10 to 2017-18, shows both negative and positive changes in the growth rates for each principal commodity in India's total imports. In this scenario, Pulses have a highest growth rate with 10 percent, which has increased from US$ 2068.4 billion in 2009-10 to US$ 4244.1 billion in 2016-17 and it has declined to US$ 2908.3 billion in 2017-18. The second highest imports were Edible oils, which show an increasing rate from US$ 5582.1 billion in 2009-10 to US$ 11637.5 billion in 2017-18 with a decadal growth rate of 7.6 percent. And the third place was occupied by machinery tools which have been risen from US$ 1655.7 billion in 2009-10 to US$ 3519.6 billion in 2017-18 with a growth rate of 6.5 percent followed by other bulk imports like fertilizers (5.8 percent), non-bulk imports (2.6 percent) etc., The total imports of all other commodities have also accelerated from US$ 288.37 billion in 2009-10 to US$ 465.57 billion in 2017-18 with its growth rate of 2.4 percent respectively.

Therefore, this data has revealed that, the highest imports were contributed by pulses, edible oils, machine tools and other non-bulk imports are showing an unfavorable trade balance when compared to Petroleum, crude and products (-1.9 percent) and fertilizers (-16.0 percent) in this decade. Hence, the overall growth rate since 1991 to 2018, the imports of Edible oil (18.6 percent), Petroleum products (15 percent), have increased at a faster rate followed by pulses (14.7 percent), fertilizers (8.4 percent), Iron & steel (13.8 percent) and other non-bulk imports (13.8 percent). Therefore, the entire data of these principal commodities of imports in India shows that, even in the post economic reforms, the level of imports has increased when compared to exports in the India's trade.

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ISSN:0971-1260
Vol-22- Issue-14-December-2019

SECTION :4

SUGGESTIONS CONCLUSION AND POLICY IMPLICATIONS:-

In the Pre-economic reforms in India, the economy has faced problems of declining foreign exchange, growing imports without matching rise in exports and high inflation. India changed its economic policies in 1991 due to a financial crisis and pressure from international organizations like the World Bank and IMF. In 1991, the P. V. Narasimha Rao Government reduced the import duties, opened reserved sector for the private players, devalued the Indian currency to increase the export and reduce the adverse Balance of Payment situation. This is also known as the LPG model of growth. In 1991, Manmohan Singh as a finance minister freed India from the license raj, source of slow economic growth and corruption in the Indian economy for decades. He liberalized the Indian economy, allowing it to speed up development dramatically.

Asian financial crisis was a period of financial crisis that gripped much of East Asia, Southeast Asia beginning in July 1997 and raised fears of a worldwide economic meltdown due to financial contagion (the spread of market disturbances mostly on the down side) and it was beginning an international chain reaction. Although most of the governments of Asia had seemingly sound fiscal policies, the IMF stepped in to stabiles the currencies of South Korea, Thailand and Indonesia, economies particularly hard hit by the crisis. Until 1999, Asia attracted almost half of the total capital inflow into developing countries and achieved a high rate of return through foreign investors, and increased growth rates of some Asian countries with 8-12 percent GDP. This achievement including IMF and the World Bank and was known as a part of the “Asian economic miracle”.

After, 2008 economic crisis affected India’s economy and in 2012-13, India’s GDP growth rate was the lowest for a decade, at just 5.1 percent at which time more criticism of India’s economic reforms surfaced. It apparently failed to address employment growth, nutritional values of food intake in calories, and thereby was leading to a worsening current account deficit compared to the prior to reforms. There has been a remarkable change in the perception of the government of India and its policy makers in the past two decades towards the role of trade in the strategy of the development of the country. Exports have came to be regarded not merely as a source of financing imports but also as means of efficiently allocating resources. Accordingly, trade policy of pre-liberalization phase, which discouraged

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ISSN:0971-1260
Vol-22- Issue-14-December-2019

exports and fostered high cost imports substitution, has been replaced largely by an open trade regime. The basic Thrust of this regime has been on globalization of Indian economy, improving its competitiveness and expansion of exports to ease pressure on balance of payments.

India's trade performance has shown a considerable improvement during the post-reform period. It has improved in size, composition and the direction, compared to the pre-reform period. However, the extent of India's penetration in the global market has been limited at the aggregate level. The commodity wise picture also shows that not only a limited number of commodities have been able to register an upward move in their share in world exports. This can be attributed to both external and domestic factors. Externally, India's exports continue to face the problem of adverse world trading environment, protectionist policy of the developed nations and their tariff discrimination. Among the domestic factors that hamper India's exports are infrastructural constraints, high transaction costs, poor quality, limited FDI in the export sector etc. An effective export strategy will have to keep these factors into account for future expansion in exports.

Efforts should be made to change the composition of India's exports by making it more dependent on manufacturing sector. There is an urgent need to raise per capita output in export sector in order to raise productivity along with measures to reduce cost of production. This will make exports more competitive in international market. Efforts should be made to encourage FDI inflows in the exports sector to raise its productivity. India's exports should be more directed towards developing and newly emerging economies in order to have sustainability in India's export growth even at times of global economic crisis. The exports should not be dependent much on developed world because they are now more prone to global economic crisis. There should be strict regulations regarding 'composition of exports baskets' in India. In recent years without assessing the domestic demand for goods, Government had exported items in order to raise export income. This led to shortage of supply of essential particularly food items in India leading to inflationary pressures. Government should make efforts to increase the intensity of competition in domestic industries, in order to increase competitiveness and hence raise quality and quantity of production. Government must implement an effective exports strategy that could overcome various internal and external constraints that hampers required export growth.

India is required to make its commodities more competitive at the World level. There is also required to add new export basket for increasing export performance. For this, India

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ISSN:0971-1260
Vol-22- Issue-14-December-2019

needs a comprehensive policy measure and integrated efforts. In August 2019 Ministry of Commerce plan to introduce new foreign trade policy aimed at providing incentives and guidelines for increasing export in next five financial years 2020-25. All exports and imports related activities are governed by the foreign trade policy, which aimed at enhancing the country's exports and use trade expansion as an effective instrument of economic growth and employment generation.

As a part of foreign trade policy strategy of market expansion, India has signed a comprehensive economic partnership agreement with South Korea, which will provide enhanced market access to Indian exports. This trade agreement indicates that India's look East Policy.

Presently India known as one of the most important players in the global economic landscape. Moreover, by implementing the FTP 2014-19, by 2020 India's share in world trade is expected to double from the present level of three percent.

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