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Growth and structure of India's foreign trade since the post reform period

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Abstract
In 1991, the Gulf War led India to a recession in the balance of payments. The people started to lose confidence in current policy. Together these trends undermined investor confidence in the Indian economy, which culminated in a fall in the country's credit ranking on the international capital market. Trade reforms, which are an integral part of the broader structural reform process, were essential at the moment. In an attempt to improve the efficiency and competitiveness of Indian industries 'New Economic Policy' was introduced to open the economy for rest of the world. The present paper has been compiled with a view to analyze the change and progress in exports and imports in post economic reform period from 1990-91 to 1917-18.

Keywords: foreign trade, WTO, exports, imports

Introduction
Foreign trade has been one of the most important determinant for calculating economic growth and development of any country. The foreign trade consist of exchange of goods and services from one country to another. For an economy like India it is an effective tool for employment generation and poverty alleviation [1]. The policies introduced by the Government Of India in recent times like make in India, startup India, contribution of MSME etc. makes the concept very clear that if India wants to grow they will have to boost their exports and imports. The country lacks in tools and equipments which can be bought from outside world and can be a big support for the manufacturing firms in the country.
In 1991 the government introduced some changes in its economic policy of the country in terms of trade, foreign investment, tariffs and excise under the formation of "New Economic Reforms". The main reason behind these reforms has been liberalization, privatization, and export promotion. India's foreign trade has changed significantly in post reforms period. It is the manufacturing sector that has played a major role in increasing the GDP of our economy and contributing towards enhancing the trade volume [2].

Review of literature
Adam Smith and David Ricardo argued in favor of international trade as an engine of economic growth. Irrespective of whether it is exports or imports but for the development of any economy, the country needs to strengthen both. Export sector is considered as a catalyst agent for sustaining and accelerating process of economic growth (Aggarwal, 1982) [6].
Countries commit home capital to exports as, by foreign trade, they can get more goods and services than they can from the same resources dedicated to direct domestic development. Exports continue to benefit from the comparative edge by promoting specialization; use the maximum capacity of the plant where domestic production is less than full capacity Production; benefiting from higher economies of scale due to the wide market; rising consumer demand; growing investment levels and technical changes; allowing the importation of critical raw materials and capital goods, resulting in industrialization and thus rapid economic growth in developing economies. Kumar and Dhawan (1991) [1] found negative relationship between exchange rate volatility and foreign trade of India. Depending upon marginal propensity to consume and propensity to import, exports have multiplier effect on Gross National Income. Trade reforms formed an integral part of the overall structural reform process. The multilateral aspect of India's trade policy is in reference to India's commitments to the World Trade Organization (WTO) with regard to trade in goods and services, Trade Related Investment Measures (TRIMs), Trade Related Intellectual

Property Rights (TRIPs).

Prusa and Skeath (2002) [3] also pointed out that anti-dumping actions in India may be retaliatory. It may have its negative effects in the long run. Neena Malhotra (2008) [4], says that the ratio of exports to imports, have improved over a period of time, and the fear that liberalization will adversely affect the trade of an economy, doesn't seem to be valid. No the other hand, enormous export opportunities have opened to export the commodities and surplus to the outside world and the citizens are taking advantage of these opportunities. The structure of imports shows that major categories of import are of yarn fabric, coal, news print, iron & steel which will promote and aid in manufacturing concern. This will even demand a change in the cropping pattern in agriculture and manufacturing in a big way to reduce import dependence. Government should provide appropriate facilities in the form of transportation and storage, infrastructure, packaging and branding, and also quality testing centres for matching our products with international quality standards. Thus, domestic marketing reforms must be there with liberalisation to explore the external market.

Jeevan Kumar Khundrakpam (2009) [5] in his paper investigated the exchange rate domestic prices in India during the post-economic reform period, and found fairly robust evidence of a rise in until recent years. This is in contrast to a decline observed in several countries since the 1990s. When a large domestic economy liberalized gets increasingly integrated with the global economy, the influence of the external sector, including the exchange rate movement, could become substantial during the transition. By removing or reducing various types of controls within the economy it could also affect the way the external sector influences the inflationary process in the economy.

A. P. Singh, (2014) has observed the trend and composition of foreign trade since 1991 and also examined the impact of trade on the economic growth of India. The study reveals that since post liberalization exports and imports both have increased but the growth rate of imports is more than the growth rate of exports. It is also found that exports is mainly from the manufactured sector and petroleum and crude products contribute major portion of imports. The study also describes that imports have a negative impact on economic growth as it increases the burden of debts whereas exports and economic reforms have positive influence on economic growth of an economy as it results into surplus.

S. N. Mehta, (2015) has examined the trend of India's exports, imports and total trade during the pre and post economic reforms. This study also analyzed the impact of economic reforms on exports, imports and total trade. This study suggests that in spite of high growth rate of imports in comparison to growth rate of exports, there was positive impact on the economy of India as we have moved towards promotion of technology, infrastructure, education etc.

Objective of the study

The present paper has the following objective of the study

1. To study the growth of exports and imports in India during the post reform period.
2. To analyze the changes in the composition of India's exports & imports during the post reform period.

Research Methodology and Sources of Data

Time series data for this analysis is collected from the Indian Economy Statistics Handbook 2013, released by the Indian Reserve Bank [3]. The study is based on secondary sources of data available from various publications at the national level brought out by the concerned organizations, and consultations with export promotion councils, and other organizations and industrial units. The time period examined is from 1990-91 to 2017-18.

Table 1: Trend in Exports of India from 1990-91 to 201

Year	Percentage Growth				
	Primary Products	**Manufactured Goods**	**Petroleum Products**	**Others**	**Total**
1990-91	-----	-------	--------	--------	-------
1991-92	10.21	24.97	-4.21	-32.03	35.27
1992-93	2.96	11.62	23.95	16.41	24.18
1993-94	24.51	20.37	-17.72	44.00	27.54
1994-95	-3.43	9.99	-4.46	0.30	18.53
1995-96	35.40	14.49	6.27	11.62	28.64
1996-97	7.43	5.71	4.51	-0.89	11.72
1997-98	-8.03	8.62	-28.09	21.43	9.50
1998-99	-5.56	3.92	-73.46	2.34	7.42
1999-00	-5.86	15.44	-56.41	32.75	14.17
2000-01	13.82	15.76	47.08	130.04	27.58
2001-02	2.77	-0.21	8.28	14.19	1.91
2002-03	18.39	19.51	25.98	-15.91	22.98
2003-04	4.88	8.39	26.73	44.31	14.98
2004-05	29.16	13.50	81.18	11.31	27.94
2005-06	10.99	12.62	57.45	4.91	21.60
2006-07	12.88	12.36	54.12	17.68	25.28
2007-08	13.86	3.09	27.43	9.41	14.71
2008-09	-6.75	27.62	-0.36	96.60	28.19
2009-10	-5.69	-4.24	1.54	12.12	0.57
2010-11	6.93	22.73	38.15	89.95	36.47
2011-12	35.91	13.96	23.91	-2.44	27.04
2012-13	3.73	6.76	13.38	-41.29	11.55

Source: Computed from the Secondary Data obtained from Hand Book of Statistics on Indian Economy – 2013-14

Table 1 reveals the trend in growth of exports in India during the period from 1990-91 to 2012-13 India's total exports have increased from Rs. 825.16 Cr. in 1991 to Rs. Cr. in 2017-18.However, the increase is not uniform during the years of study. Initially the support was from the domestic industrial policy due to which India's export performance was remarkable [4, 5]. After that it increased but at a reducing rate till 1994-95.There was a steep hike in exports in the year 1999-2000 due to favorable terms of trade for non-oil exporting countries and improved profit margin from domestic market. But the environment did not last for long when in 2001-02 the growth rate of export decline to 1.91%. Again in 2002-03 there was a robust growth in exports of 22.98% Year 2009-10 showed the least growth of 0.57% due to the negative growth in exports of primary products and as well as manufacturing products. The study also reveals that the government does not sit silently and because of its regress efforts the results were seen in the next year itself when the growth rate was maximum in the year 2010-11 [6, 7].

The India's exports for oil has decreased from 3832.48 Cr. In 2013-14 to 2413.80 Billion. In 2017-18 whereas the non-oil products exports have increased from 15217.63 in 2013-14 to 1714.61 Billion. In 2017-18 therefore, there is an increase in total exports from Rs. 19050.11 in 2013 to Rs 19555.41 Billion. In 2017-18 in oil and non-oil exports (*Source***:** Directorate general of common commercial intelligence and statistics).

The exports of principle commodities like Tea, Coffee, Rice, Cereals, Tobacco, Spices, Oil Seeds, Fruits, Iron Ore, Leather, Drugs, Electronic Goods, and Textile etc. have also shown an increase from Rs. 19050.1 billion in 2013 to 19555.4 Billion in 2017-18.

Table 2: Trend in Imports of India from 1990-91 to 2012-13

YEAR	Percentage Growth of Imports		
	Bulk Imports	**Non Bulk Imports**	**Total**
1990-91	------	---------	---------
1991-92	-4.65	-0.92	-2.60
1992-93	21.60	21.70	21.66
1993-94	-7.01	14.25	4.88
1994-95	77.03	11.36	37.03
1995-96	-21.01	25.93	2.22
1996-97	12.57	0.26	5.06
1997-98	-11.26	15.13	4.09
1998-99	-6.29	14.43	7.05
1999-00	48.35	2.87	17.06
2000-01	8.05	0.95	3.76
2001-02	-1.50	6.06	2.95
2002-03	17.31	16.55	16.85
2003-04	10.95	20.05	16.45
2004-05	33.12	31.31	31.99
2005-06	36.20	20.48	26.46
2006-07	32.75	10.48	19.60
2007-08	12.06	14.88	13.60
2008-09	27.46	23.34	25.19
2009-10	-10.94	-2.69	-6.46
2010-11	6.70	18.63	13.44
2011-12	38.34	22.08	28.73
2012-13	12.30	0.44	5.65

Source: Computed from the Secondary Data obtained from Hand Book of Statistics on Indian Economy – 2013-14

Table 3 shows the trend in the growth of imports in India during the period from 1991 to 2013-14. India's total imports have increased from Rs. 1094.73 Billion in 1991 to ---- Billion in 2017-18.This increase was not uniform and has faced certain ups and downs in the entire years of study. Imports are generally a matter of concern for any government and in Indian trade they have been negative only in 2 years. I.e. 1991-92 and 2009-10 the table shows that there has always been an upward trends in India's import [8].

The oil imports have decreased from Rs.9978.85 Cr. In 2013-14 to 7003.20 Cr. In 2017-18. The reverse can be seen in non-oil producds which have increased from Rs.17175.48 Cr. In 2013-14 to 23006.95 Cr. In 2017-18. Therefore the overall increase in imports is from rs 27154.34 Cr. In 2013 to Rs. 30010.16 in 2017-18.This increase in imports futher increase the trade deficits by Rs.2350.52 Cr. (*Source*: Directorate general of common commercial intelligence and statistics) Imports of principle commodities like pulses, cotton raw and waste, yarn fabric, coal, news print, iron & steel etc. have also increased from Rs. 27154.3 billion to 30010.2 billion in 2017-18.

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