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Export performance of India

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Abstract
Exports are vital for the economy. It is an indispensable Leans of sustaining adequate and uninterrupted supplies of imported inputs for smooth functioning of the country's economy. The importance of exports and its role in the developed and developing economics were stated in the first chapter. Particularly, India's growing imbalance of trade problem, declining foreign exchange reserve, burgeoning import trade trend and ever-increasing foreign debt were stated. India's export performance and the emergence of non-traditional manufactured goods particularly the leather products which plays a vital role in export trade and its role in the Indian economy were also discussed.

Keywords: Indian economy, export trends and performance, competitiveness, demographic and economic information, future challenges, vital role in Indian economy

Introduction
The economy of India is a giant developing mixed economy. It stands at 7th largest position in the economy by nominal GDP and for purchasing power parity (PPP) it stands at the 3rd position. Country of India ranks at 139th position for per capita GDP in terms nominal. After the new economic policy in 1991, India has achieved 6-7% average growth in GDP every year. India, today is one of the fastest uplifting service sector in the world with growing annually at a 9% since 2001. India is one of the largest exporter of IT services, BPO services and software related services with round about $154 billion revenue for the fiscal year 2017. India basically and majorly exports gems & jewellery, vehicle parts, machines equipment's, pharmaceuticals, metal extracts and products, fabrics and textiles, electric gadgets, plastic products, petro products and other products. Until the new economic policy of 1991, India was basically and majorly kept apart from the world market or was away from the important term Globalisation and this was the base for protecting its economy and to achieve and sustain self-sustainability. India is and will always be the prominent and founding member of General Agreements on Tariffs and Trade (GATT) and it's the successor of World Trade Organization (WTO). India's Gross National Income per capita is experiencing a highly inclined growth rate from the year 2002.

Today, Indian economy has successfully gained a considerate momentum over the last 10 years, through achieving and sustaining a GDP rate of round about 7% per annum. This increase growth of GDP can be accumulated as a contribution to growing export sector in the economy. After the second world war, it had a great and severe economic impact on the stability of many world economies. A great rate of India's population was actually living in abject poverty and the central government was basically focusing on how to improve the standard of living so, it adopted a strategy of "Import Substituting" industrialisation. For the implementation of this particular strategy the government of India developed a very story, extensive and complex mechanism and system of controlling prices the restriction over quantities.

India's export trends and performance
India's detestation to international trading and reliability over domestic factors to energize the growth of India during the 1950's meant that export of India played a very negligible role and it was very evident as Indian exports lost the world market share during the 50's-70's. Till the mid era of 70's, India's policy was very constrictive and was very focused on the development of the domestic industry, while foreign trade was tightened using the quantitative restriction tools.

The table below shows the Export and Import growth of India from 1950's to 2000

Table 1

	Average annual growth rate over period		Percent of GDP		Share of India's export in world export (%)
Period	Export	Import	Export	Import	
1951-60	0.7	8.6	6.3	8	1.4
1961-70	4.6	0.3	4.2	5.8	0.9
1971-80	6.8	8.7	5.8	6.7	0.5
1981-90	6.1	3.9	6.5	8.4	0.5
1991-97	11.4	14.4	9.9	10.6	0.6

Due to the occurring of the two major oil shocks in the 70's, India as a country experienced a gradual increase in the import charges of oil and it resulted in contraction of the FOREX reserves situation. The force to earn foreign currency led the government of India to acquire the export promotion policies in the confirmation of the export subsidies such as duty drawbacks, credit subsidization, direct flow of subsidies. India's overall trade, howsoever, faced a hitch between the fiscal years from 1979-1981, as of which the import tariff doubled, followed by oil shocks. This resulted in a steady appreciation of the Indian currency by nearly 20% during the time frame of 1979-1986 and also had an adverse effect and impact on the export competitiveness.

The following graph gives a brief idea about the Export and Import share (%) in India's GDP

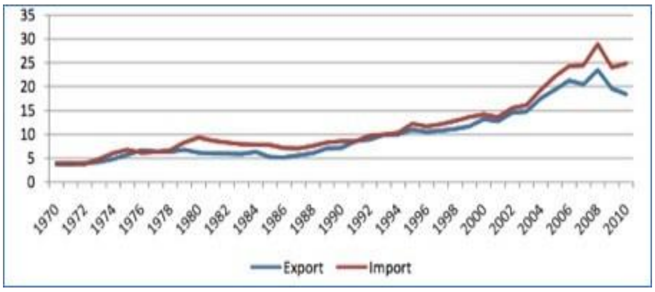

Fig 1

The liberalization, privatization and globalization of the economy of India with the follow of the balance of payment crisis resulted in a major policy and changes in the exchange rates which resulted in a favourable impact on the India's trade as clearly visible in the above graph. The above figure reveals a very tapered increment in the share of the exports and the imports during the time frame of 1990-2008. Share of exports for the GDP of India got a descent increment from around 7.13% to rounded 23.5% in the same time frame (1990-2008), while in case of imports, its share in India's GDP took a mushrooming rate from 8% to 29% in the same time frame. The export performance of India is like a speedometer which always fluctuates. From the year 2001-02, the exports in India faced another offset due to the semi recession period occurred and faced in the United States. The attack by the terrorist on the World Trade Centre created and caused a net loss of 0.25% in the GDP of USA and which had an impact on the performance and value of India's export. The major setback apart from this for the export performance of India was the major Global crisis of 2008. Due, to this crisis, a large number of investment banks were collapsed in no time and created in a hike in the global oil prices, which was a major reason for the rising inflation which led to Global Recession.

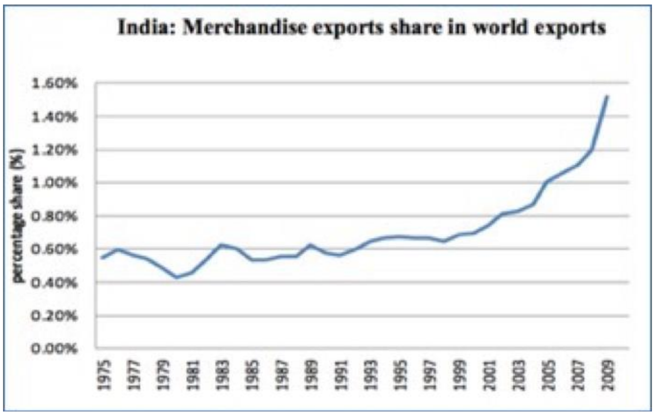

Fig 2

Albeit the export sector has a very significant role for the domestic economy by putting into the table around 25 % to the country's GDP (2009), whereas its contribution to world's exports continues and stands around mere 1.5 %, which is a positive significant change after the new economic policy 1991.

Competitiveness of Indian exports

The ability of an economy to match the marks and stand around in the Global market by either the production of commodities at a lower mark or selling the commodities at a lesser or cheaper price in compared to the competitors. Here, the importance and the relevance of a very famous study or a method which was developed by a famous researcher named "Balassa" in 1965 which usually helps in measuring export competitiveness.

So, RCA in basically calculated as,

$$RCA = (Xij / Xwj) / (Xi / Xw)$$

Here,

1. Xij = i is the country's export with j as the product
2. Xwj = world's export of commodity j
3. Xi = sum total of country i's export
4. Xw = total world export

Recent Knowledge

In recent years, the Indian government has appreciated and recognized the acuteness of the performance of the manufacturing sector which indeed is a cause of concern. For this they have implemented and taken into the approval of New Manufacturing Policy, 2011. This policy was with this basic aim of building the capacity of this manufacturing sector and strengthening their contribution towards India's GDP from 16 % to 25 % as well as improvisation the International competitiveness of this sector.

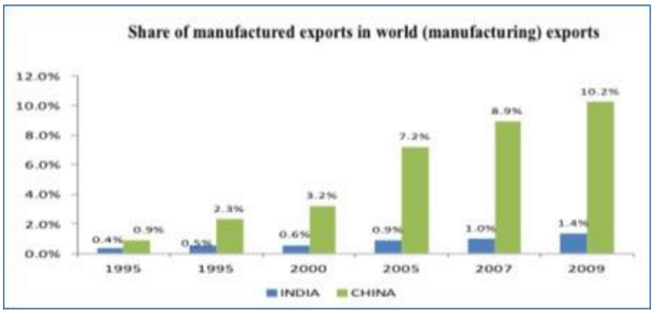

Fig 3

Exports from India grew at an average speed of around 12 % during the months of April-November, 2017 compared to that of Vietnam and Indonesia. India's double-digit growth in the exports created a benchmark in the fiscal of the country. The important point for India worrying is the divergence in between the labour-intensive sectors and the other sectors.

The government of Narendra Modi had initiated structural reforms during these months. These reforms basically don't have effect in short run but would benefit the economy in long runs. India's CAD (current account deficit) inclined sharply to around $ 14.3 billion or a 2.4% growth in the GDP of FY2018.

FROM 2011-2018

News about the Indian exports was about the dinginess throughout the year 2015. As compared to the previous year (2014) the corresponding months of the year 2015 were notably very low and comparatively less. This situation in the year 2015 was a perfect situation of nadir. This prevailing problem is not new, this is persisting from a very long time. The performance of India in exports in the past few years has been very indigent in compared to the economies of different other developing countries.

Table 2

India's foreign trade (in $ billion)

	2010-11	2011-12	2012-13	2013-14	2014-15
Merchandise exports	250	306	300	314	**310**
Merchandise imports	370	489	491	450	**448**
Balance of trade	-120	-183	-191	-136	**-138**
Exports as a percentage of imports	67.6	62.5	61.2	69.8	**69.3**
Trade deficit as a percentage of GDP	7.2	10	10.4	7.1	**6.7**

Source: Directorate General of Commercial Intelligence and Statistics

The above table reveals and depicts a stagnation in the value of exports in terms of dollars. The stagnation of dollars rounds off around 300 billion$ annually.

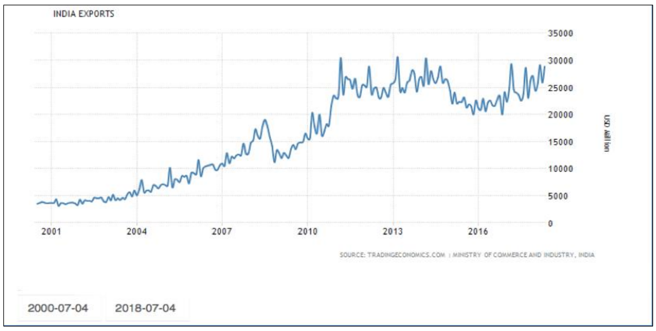

Fig 4

Table 3: Demographic and economic information

	India	USA
Population	1.1 billion	290 million
Political Structure	Parliamentary Democracy	Constitution based federal republic
Political Parties	6 "national" and numerous regional	2 "national" parties
Legal System	Based on English common law	Based on English common law
Independence from the British	1947 (August 15)	1776 (July 4)
GDP	$501.8 billion	$10.45 trillion
GDP growth rate	6-8% (in past decade only)	2.45%
GNP per Capita (Purchasing Power Parity)	$2,600	$36,000
Language of Business	English	English
Literacy	Varies by state 55-90%	97%
Exports	$61 billion (FY2004)	$687 billion
Imports	$75 billion (FY2004)	$1.165 trillion

Trade Performance

Exports crossed the milestone figure of US $ 100 billion to contact US $ 103 billion amid 2005-06. Amid the present year 2006-07 sends out are required to achieve the objective of US $ 125 billion if the present rate of development of fares is kept up amid the last quarter of the year. The supported development of stock fares at more than 20 percent amid the most recent couple of years is more than double the development of Gross Domestic Product (GDP). On the off chance that this pattern proceeds with the fare focus of US $ 150 billion set in the Foreign Trade Policy for 2009 is probably going to be accomplished easily. The development execution of fares has been a result of a cognizant and coordinated exertion with respect to the Government to cut down exchange costs and encourage exchange. The vision and the guide given by the Foreign Trade Policy (2004-09) for a five-year time frame with unmistakably articulated goals, systems and approach activities has been instrumental in putting sends out on a higher development direction. The export focus amid 2004-05 at around US $ 75 billion was looked to be multiplied to US $ 150 billion by the terminal year of the Foreign Trade Policy, for example 2008-09. Without precedent for the historical backdrop of arranging multiplying of fares in under five years is being viewed as a feasible target. What is much progressively huge is that sends out have been imagined as a motor for producing extra financial movement for work age with exceptional spotlight on provincial and semi-urban territories. The fare development in India is halfway by virtue of a good global condition coming about because of a continued world GDP development at around 5 percent since 2003. This has prompted blasting exchange volumes and rising item costs on the planet showcase. Be that as it may, this by itself does not by any stretch of the imagination clarify the 250 unprecedented development execution. Fares from India additionally reacted to various change measures and arrangement activities. The Government attempted to diminish exchange boundaries, cut down exchange costs and encourage exchange. Without precedent for the historical backdrop of arranging multiplying of fare movement inside five years was set as a solid focus of the Foreign Trade Policy of the Government. Amid the initial nine months of the current money related year (April - December 2006-07) sends out remained at US $ 89 billion while imports were esteemed at US $ 131 billion. Exchange shortfall was evaluated at US $ 42 billion. The total remote exchange information in US Dollar and Rupee expressions for the period April-December 2005-06 and 2006-07.

Indian economy: future challenges

1. Sustaining the growth momentum and achieving an annual average growth of 9-10 % in the next five years.
2. Simplifying procedures and relaxing entry barriers for business activities and Providing investor friendly laws and tax system.
3. Hecking the growth of population; India is the second highest populated country in the world after China. However in terms of density India exceeds China as India's land area is almost half of China's total land. Due to a high population growth, GNI per capita remains very poor. It was only $ 2880 in 2003 (World Bank figures).
4. Boosting agricultural growth through diversification and development of agro processing.
5. Expanding industry fast, by at least 10% per year to integrate not only the surplus labour in agriculture but also the unprecedented number of women and teenagers joining the labour force every year.
6. Developing world-class infrastructure for sustaining

growth in all the sectors of the economy
7. Allowing foreign investment in more areas.
8. Effecting fiscal consolidation and eliminating the revenue deficit through revenue enhancement and expenditure management.
9. Some regard globalization as the spread of western culture and influence at the expense of local culture. Protecting domestic culture is also a challenge.
10. Global corporations are responsible for global warming, the depletion of natural resources, and the production of harmful chemicals and the destruction of organic agriculture.
11. The government should reduce its budget deficit through proper pricing mechanisms and better direction of subsidies.
12. Empowering the population through universal education and health care, India must maximize the benefits of its youthful demographics and turn itself into the knowledge hub of the world through the application of information and communications technology (ICT) in all aspects of Indian life although, the government is committed to furthering economic reforms and developing basic infrastructure to improve lives of the rural poor and boost economic performance.

Conclusions

Exports are vital for the economy. It is an indispensable Leans of sustaining adequate and uninterrupted supplies of imported inputs for smooth functioning of the country's economy. The importance of exports and its role in the developed and developing economics were stated in the first chapter. Particularly, India's growing imbalance of trade problem, declining foreign exchange reserve, burgeoning import trade trend and ever-increasing foreign debt were stated. India's export performance and the emergence of non-traditional manufactured goods particularly the leather products which plays a vital role in export trade and its role in the Indian economy were also discussed. The ramifications of globalization for a national economy are many. Globalization has increased relationship and rivalry between economies on the planet showcase. These monetary changes have yielded the accompanying noteworthy advantages: Globalization in India favorably affected the general development rate of the economy. This is real enhancement given that India's development rate in the 1970's was low at 3% and GDP development in nations like Brazil, Indonesia, Korea, and Mexico was more than twice that of India. In spite of the fact that India's normal yearly development rate nearly multiplied in the eighties to 5.9%, it was still lower than the development rate in China, Korea and Indonesia. The get in GDP development has enhanced India's worldwide position. Thus, India's situation in the worldwide economy has enhanced from the eighth position in 1991 to fourth place in 2001; when GDP is determined on an acquiring power equality premise. Amid 1991-92 the primary year of Rao's changes program, The Indian economy developed by 0.9%only. Be that as it may, the Gross Domestic Product (GDP) development quickened to 5.3 % in 1992-93, and 6.2% 1993-94. A development rate of above 8% was an accomplishment by the Indian economy amid the year 2003-04.

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