

**How to Cite:**

**DR.JASVIR SINGH (September 2018). GROWTH , COMPOSITION,DIRECTION AND BALANCE OF TRADE(BOT) POSITION OF FOREIGN TRADE OF INDIA DURING LAST FIVE YEARS**

*International Journal of Economic Perspectives,12(9), 1-9*

Retrieved from <https://ijeponline.com/index.php/journal>

**GROWTH , COMPOSITION,DIRECTION AND BALANCE OF TRADE(BOT) POSITION OF FOREIGN TRADE OF INDIA DURING LAST FIVE YEARS**

**DR.JASVIR SINGH  
ASSISTANT PROFESSOR  
(UNIVERSITY OF DELHI)**

**ABSTRACT**

*Trade is crucial for the growth and development of a country. Trade can be domestic and International trade. When goods are brought and sold within the territory of a country, it's known as "Domestic trade". On the other hand ,International trade or foreign trade means exchange of goods and services from one country to another country. Foreign trade is an important element of world economy. The specific objective of the research is to evaluate the Growth, composition , Direction & Balance of trade position of foreign trade of India during the study term (2013-14 to 2017-18). The collected data has been analysed with the assistance of varied statistical techniques like average, percentage, annually rate of growth , compound annual rate of growth, tabular and graphs. The finding of the paper is that compounded Annual rate of growth (CAGR) of export were 0.66 % whereas percentage of Imports were 2.53. It can be concluded that Balance of trade position of India's were always negative during the study period, due to excessive imports on exports. Composition of Major Exports were included: Tea & coffee Ores and Minerals, Leather & leather product, Ceramic Products & Glassware, Gems & Jewellery, Chemicals & Related Products, Engineering and Electronic Goods, Textiles & Textile Products, Petroleum Products. During the year 2017-18 maximum exports were Rs.133732 crore to developing countries whereas minimum exports were Rs.229 crore to other countries. Further, It can be concluded that developing countries and OECD Countries were the main markets for exports from India. India should think about to increase of exports and restriction on Imports which would help in improve the balance of trade position of the country .*

**KEYWORDS:** GROWTH, COMPOSITION, DIRECTION, BALANCE OF TRADE (BOT), FOREIGN TRADE.

**1. INTRODUCTION**

**1.Foreign Trade/ International Trade:**

Trade is crucial for the growth and development of a country. Trade can be domestic and International trade. When goods are brought and sold within the territory of a country, it's known as "Domestic trade". On the other hand , International trade or foreign trade means exchange of goods and services from one country to another country

While world trade has been present throughout the historical past .In recent centuries the importance of trade has been raised due to economic, social and political changes. Through an exchange of goods, people across borders are exposed to a variety of goods produced with newer technology at affordable prices. A Country will cease to grow in the absence of international trade. In July 1991 after enactment of liberalization, globalization ,privatization India has been become closed economy to open economy.

## How to Cite:

DR.JASVIR SINGH (September 2018). GROWTH , COMPOSITION,DIRECTION AND BALANCE OF TRADE(BOT) POSITION OF FOREIGN TRADE OF INDIA DURING LAST FIVE YEARS

*International Journal of Economic Perspectives*,12(9), 1-9

Retrieved from <https://ijeponline.com/index.php/journal>

### **1.2 Historical Background of Foreign Trade:**

India is not only one of the oldest but also one of the richest country in the world. Nature has smiled over the country and has bestowed it with all that is needed for the development of agriculture, industry, trade, transport, etc. No wonder, it was addressed as a golden bird which everyone wanted to catch and capture. Countries all over the world, envied with each other to develop trade and political relations for with it. India, being rich in resources was in a position to export part of its wealth to the needy nations and naturally imported things in exchange.

India's foreign trade is as old as the country itself, it can be found even in religious books. India had an active and mutually enriching trade with all the early civilizations. Indian silk & fine muslin were highly prized and there is contemporary evidence of a flourishing trade between India and the distant European countries during pre-Christian times.

#### ➤ **Pre-Independence era:**

India's foreign trade during pre-independence period was typically colonial in nature. It exhibited the following features:

- Raw materials formed the bulk of the exports while imports mainly consisted of manufactured goods.
- The importance of Britain was overwhelming in exports and imports.
- The country enjoyed a favorable trade balance, but balance of payment position was unfavorable because of the home charges.

#### ➤ **Post-Independence era:**

India's foreign trade shares in the ups and downs of the economic growth and development of our country. The trade of country and position of balance of payment deficit has become structural feature of the economy, which calls for varied policy instruments to promote production and investment, and to treat equally both exports promotion and imports substitution. In the Fifties to early sixties, foreign trade meant only for imports and totally ignored to exports. But in the mid sixties to mid seventies foreign trade has meant for both exports and imports. Export promotion policy and imports restrictions have been the basic plank of our trade policies. In fact, it was only from mid-70s or in particular late 70s, that world trade had come to important for export as well as for imports. For quite some time, there had been a negative attitude towards the foreign trade sector. In the early Plan periods, the foreign trade sector was given a residual status in the sense that exports and imports were required to adjust in such a way that import-export gap equaled the investment-saving gap, both of which were in a way determined by the feasible level of foreign resource inflows. It was only in early eighties, that some positive approach towards the foreign trade sector had emerged. It was, then, recognized that exports, apart from providing the use, better technology and better quality. Further, it was also accepted that imports crucial foreign exchange resources contributed to the greater efficiency in resource had a developmental role to play and the attitude towards imports should not be one of indiscriminate restrictions but one of import management for a rationale and development including import structure.

### **1.3 GATT AND WTO:**

In 1947 GATT was signed by 23 countries including India. The basic objective of GATT was establishment of World Trade regime during which countries would gradually liberalize trade among themselves. Therefore, reduction of tariff on interchange manufacturers was adopted a significant goal for GATT. In April 1994 during the act of Uruguay round signed by the member Nation of GATT and fixed the base for world trade organization (WTO). 1<sup>st</sup> Jan. 1995 was the date on which WTO come into force and India become a founder

## How to Cite:

DR.JASVIR SINGH (September 2018). GROWTH , COMPOSITION,DIRECTION AND BALANCE OF TRADE(BOT) POSITION OF FOREIGN TRADE OF INDIA DURING LAST FIVE YEARS

*International Journal of Economic Perspectives*,12(9), 1-9

Retrieved from <https://ijeponline.com/index.php/journal>

member of WTO. The previous GATT wasn't really an organisation, it had been merely a legal arrangement. On the opposite hand, the WTO could be a new world organisation founded a permanent body .In compared to GATT, the WTO is far more powerful due to its institutional foundation and its dispute settlement system. Now the WTO is that the most significant organisation in international level which deals with the foundations and regulations of the trade among different nations. The objectives of the WTO same as those of GATT. i.e. Increasing standard of living and income, improving economic condition and regional development .The most important function of WTO is to ensure smooth flow of goods and services among members countries.

## 2. REVIEW OF LITERATURE

**Bhattacharya (2002)** concluded the "EXIM policy for 2002-07" and find that this policy is the first policy which had to be formulated keeping in view all the commitments India had made under the WTO. **Nagaraj (2003)** studied "FDI in Indian 1990's and find that in year 1991 India ended close economy and start with new concept of open economy which would increase world share in FDI and ready to compete with Asian economy. **Mohanty (2004)** concluded that "The government of India has brought in super changes in the country's foreign trade policy," by way of formulating both annual and long term EXIM policies besides announcing trade supportive measures in the union budget every year. Kumar and **Srivastava (2004)** concluded that "The economic crisis of 1991", mainly caused by the growing deficit, unfavourable balance of payments resulting in foreign exchange crisis, high rate of inflation and the drag on state finance by the public sector etc. forced the country to adopt new economic reforms measure. The reform included new industrial policy 1991, emphasizing upon globalization, liberalization and convertibility of rupee etc. **Rajesh K Pilanina (2008)** concluded that India's International Trade highly increased during last decade. **Anjani Kumar (2010)** concluded that economic liberalization and policy reform are the important factor for market opportunities. **Purva Yadav (2012)** Concluded that the economic and political environment reform provide a world wide market opportunities. **Ramesh (2014)**, depicts that the important objective of the developing countries are liberalization reform to improving the export performance of the these countries. **Shubhada (2014)** concluded her study that the exchange reserve of India and balance of payment failure help to the quantity of things. **Arjun Kale (2017)** concluded that due to world trade there is opportunity of increase in foreign exchange reserve.

## 3. RESEARCH DESIGN

**3.1 Need of the study:** With the growing concept of Globalization, liberalization, privatization ,it becomes necessary to analyze the Growth ,composition , Direction and balance of Trade Position of foreign trade of India during the study period.

### 3.2. Objective of the Research paper:

The basic objective of my research paper is to analyse Growth ,composition , Direction & balance of Trade Position of foreign trade of India during the study period (2013-14 to 2017-18)

### 3.3 Area of Research:

This study is expounded to analyse the composition , Direction and balance of trade Position of foreign trade of India. In order to analysis the above mentioned objective study period has been taken from 2013-14 to 2017-18.

### 3.4 Research methodology:

Research methodology is a plan on which data is assembled and observation are made.

#### How to Cite:

DR.JASVIR SINGH (September 2018). GROWTH , COMPOSITION, DIRECTION AND BALANCE OF TRADE (BOT) POSITION OF FOREIGN TRADE OF INDIA DURING LAST FIVE YEARS

*International Journal of Economic Perspectives*, 12(9), 1-9

Retrieved from <https://ijeponline.com/index.php/journal>

#### 3.4.1 Data collection:

In order to analyse the Growth , composition , Direction and balance of Trade Position of foreign trade of India during the study period, the secondary data has been used. The secondary data has been collected from Various sources like economic survey of India, RBI bulletin (different issue), banking concern of India reports, foreign trade review, Indian journal of commerce, Indian journal of economics, Ministry of Commerce and industry (Various annual report of the related years), financial express ( various issues), Economic and political weekly (different issues) and Various relevant websites.

#### 3.4.2 Statistical techniques used:

Statistical techniques provide different tools on which collected data has been analyzed and interpreted. These statistical techniques are employed in this research: Average , Mean, Percentage , Annual rate of growth, compounded annually growth rate (CAGR), Tabular and Graphs.

#### 3.4.3 Limitation of this study:

In spite of the best efforts the present study suffers from a number of limitation:

Firstly most of the information given in the present study has been quoted from this Secondary sources which have their own limitation.

Secondly, in order to have an depth study of foreign trade more comprehensive data was required but limited data was received from various sources including various websites of Internet.

Thirdly, every research takes a particular span of time to complete but time has their own limitations. However, still all sincere efforts are made to make the study more meaningful and precise in nature.

### 4. DATA ANALYSIS

**TABLE 4.1 GROWTH OF EXPORT'S, IMPORT'S AND BALANCE OF TRADE (BOT) POSITION OF INDIA (2013-14 to 2017-2018)**

YEAR	Exports (including re-exports) (in crore)	Exports growth rate annually (%)	Imports (crore)	Imports growth rate annually (%)	Trade Balance (crore)
2013-14	1905011	16.6	2715434	1.7	-810423
2014-15	1896348	-0.5	2737087	0.8	-840738
2015-16	1716384	-9.5	2490306	-9	-773921
2016-17	1849434	7.8	2577675	3.5	-728242
2017-18	1956515	5.8	3001033	16.4	-1044519
CAGR	0.0066		0.0253		
CAGR (%)	0.66		2.53		

SOURCE : Different issues of director general of commercial Intelligence and statistics. (DGCI and S), Kolkata

#### How to Cite:

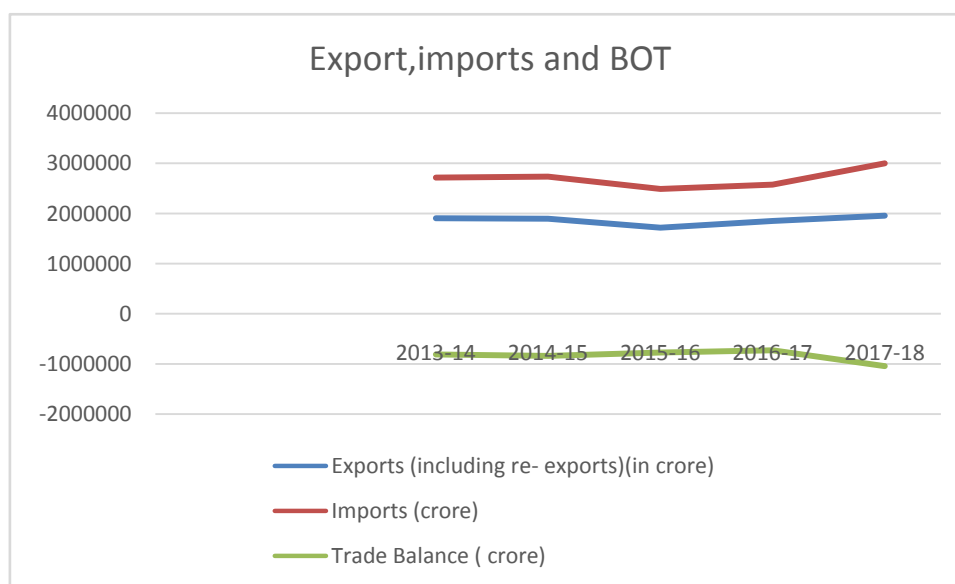
DR.JASVIR SINGH (September 2018). GROWTH , COMPOSITION,DIRECTION AND BALANCE OF TRADE(BOT) POSITION OF FOREIGN TRADE OF INDIA DURING LAST FIVE YEARS

*International Journal of Economic Perspectives*,12(9), 1-9

Retrieved from <https://ijeponline.com/index.php/journal>

Table 4.1 shows that export ,import and balance of trade position of India (2013-14 to 2017-18).It's shows that during the year 2013-14 exports were Rs 1905011 crore ,whereas imports were Rs.27115434 crore and balance of trade were Rs - 810423 crore. Table also shows that during the year 2017-18 exports were Rs1956515 crore , where as imports were Rs. 3001033 crore and balance of trade were Rs-1044519crore . Table shows that highest annual growth rate of export were 16.6 percent during the year 2013-14 ,whereas highest annual growth rate of imports were 16.4 percent during the year 2017-18.Table shows that lowest annual growth rate of export were -9.5 percent in the year 2015-16 ,whereas lowest annually rate of growth of imports were -9 percent during the year 2015-16.Table depicts that during the year 2017-18, highest negative balance of trade position of India were Rs. - 1044519 crore ,due to annual growth rate of imports were 16.4 percent whereas exports were only 5.8 percent.Table also depicts that during the year 2016-17, lowest negative balance of trade position of India were Rs. -728242 crore, due to annual growth rate of imports were only 3.5 percent whereas exports were 7.8 percent.Compounded annual rate of growth(CARG) of exports were 0.66 percent whereas percentage of imports were 2.53. In nutshell it can be concluded that balance of trade position of India's were always negative during the study period, due to our country's imports we always more in comparison to exports

**FIGURE 1:GROWTH OF EXPORT'S,IMPORT'S AND BALANCE OF TRADE(BOT) POSITION OF INDIA(2013-14 to 2017-2018)**



Source:Author compliance

Figure 1 depicts that growth of exports, imports and balance of trade position of India during the period 2013-14 to 2017-18.Red line indicates the imports and blue line indicates the export,whereas green line indicates the balance of trade position of India during the study period. In the graph Red line appear edupper position in comparison to blue line which indicates that our imports were always more than to exports. During the study period Green line (Balance of trade position of India) always negative as our imports more than to exports.



**How to Cite:**

**DR.JASVIR SINGH (September 2018). GROWTH , COMPOSITION,DIRECTION AND BALANCE OF TRADE(BOT) POSITION OF FOREIGN TRADE OF INDIA DURING LAST FIVE YEARS**

*International Journal of Economic Perspectives*,12(9), 1-9

Retrieved from <https://ijeponline.com/index.php/journal>

**Table 4.2 Composition of Major Exports (US \$ million) (2013-14 to 2017-18)**

S. NO	Commodity	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
1.	Tea & coffee	1597.6	1495.8	1503.9	1574.1	1805.9
2	Other Agricultural Products	15738.7	15473	13006.5	13310.4	15877.3
3	Tobacco	1011.4	958.6	982	958.7	934.2
4	Oil Meals, seeds	4088.1	3059.6	1799.9	2160.6	2264.2
5	Marine Products	5016.6	5510.5	4767.5	5903.1	7387.7
6	Meat, dairy & poultry products	5292.9	5385	4575.5	4368.8	4610.1
7	Iron Ore,Mica, Coal & Other Ores, Minerals	5574.9	4418.8	3847.5	5111.7	5246.1
8	Leather & leather units	5572.8	6030.5	5407.8	5165.6	5288.9
9	Glassware products	129	1644	1712	1857	2131
10	Gems & Jewelry	41388.3	41266.1	39284.3	43412.8	41544.4
11	Drugs & Pharmaceuticals	14949.5	15431.5	16909.5	16785	17282.4
12	Organic & Inorganic Chemicals	12286	12473.6	11731.3	12336.1	15938.2
13	Engineering& electronic Goods	71745.7	79335.6	67909	73179	85100.2
14	Man -made fabric ,handloom units,cotton	16199	16049.6	14741.1	14419.3	15084.1
15	RMG of all Textiles	14990.5	16833.3	16964.4	17368.2	16706.7
16	Jute Mfg. including Floor Covering, carpets, handicrafts	3029.2	3035.8	3383.5	3726.8	3587.4
17	Petroleum Products	63179.4	56794.1	30582.6	31545.3	37456.6
18	Plastic & Linoleum	6147.0	5746.0	5764.2	5796.5	6850.9
19	Other Commodities	25315.3	19410.2	17418.8	16873.7	18279.4
Total Exports		314415.7	310352.0	262291.1	275852.4	303376.2

Source: RBI Bulletin,2018

Table 4.2 depicts that composition of major Indian export's during the year 2013-14 to 2017-18. Maximum share in composition of export during the year 2013-14 were US\$711745.7 million of Engineering & electronic goods, whereas minimum share were US\$129 million of

#### How to Cite:

DR.JASVIR SINGH (September 2018). GROWTH , COMPOSITION,DIRECTION AND BALANCE OF TRADE(BOT) POSITION OF FOREIGN TRADE OF INDIA DURING LAST FIVE YEARS

*International Journal of Economic Perspectives*,12(9), 1-9

Retrieved from <https://ijeponline.com/index.php/journal>

Glassware products. During the year 2017-18 maximum share in composition of export during the year 2017-18 were US\$ 85100.2 million of Engineering & electronic goods, whereas minimum share were US\$ 934. million of tobacco.

In nutshell it can be conclude that maximum share in composition of Indian export's were Engineering & electronic goods during the study period. But contribution of Gems and jewelry can't be ignore

**Table 4.3 Direction of Indian Trade- Exports(2013-2014 to 2017-18)**

S.no.	Countries/Groups	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
I	OCED COUNTRIES	108774	109337	100838	104488	119622
A	EU	51742	49512	44591	473099	53604
B	North America	41180	44645	42354	44216	50385
C.	Asia & Oceania	9391	8490	8234	7113	9100
D	Other OECD Countries	6460	6690	5659	4850	6535
II	OPEC	55709	56393	46273	45200	44303
III	Eastern Europe	3511	3415	2416	2820	3059
IV	Developing Countries	134723	136885	110039	120658	133732
A	Asia	95333	93857	76940	88574	99849
A1	SAARC	17505	20494	18594	19222	22926
A2	Other Asian Developing Countries	77828	73363	58346	69352	76922
B	Africa	26667	28380	21684	20292	21473
C	Latin America	12724	14648	11416	11833	12411
V	Others	154	163	242	216	229
VI	Unspecified	11545	4160	2483	2470	2431
	Total Exports	314416	310353	262291	275852	303376

**Source:RBI bulletin (different issues)**

Table 4.3 shows that during the year 2013-14 ,Direction of Indian trade exports. Maximum exports were Rs.134723 crore to developing Countries whereas minimum exports were Rs.154crore to others .Second rank-of maximum export's to OECD Countries whereas third rank to OPEC Countries.During the year 2017-18 maximum exports were Rs.133732crore to developing countries whereas minimum export's were Rs.229 to other countries.Second rank to OECD countries whereas thirdrank to OPEC countries .It can be conclude that developing countries and OECD Countries were the main markets for exports from India.

#### 5. Conclusion and suggestions

- It can be conclude that during the year 2013-14 exports were Rs 1905011 crore ,whereas imports were Rs.27115434 crore and balance of trade were Rs - 810423 crore .
- During the year 2017-18 exports were Rs1956515 crore , whereas imports were Rs. 3001033 crore and balance of trade were Rs-1044519 crore .
- Highest annual growth rate of export were 16.6 percent during the year 2013-14 ,whereas highest annual growth rate of imports were 16.4 percent during the year 2017-18.

## How to Cite:


DR.JASVIR SINGH (September 2018). GROWTH , COMPOSITION,DIRECTION AND BALANCE OF TRADE(BOT) POSITION OF FOREIGN TRADE OF INDIA DURING LAST FIVE YEARS

*International Journal of Economic Perspectives*,12(9), 1-9

Retrieved from <https://ijeponline.com/index.php/journal>

- lowest annual growth rate of export were -9.5 percent in the year 2015-16 ,whereas lowest annually rate of growth imports were -9 percent during the year 2015-16.
- During the year 2017-18, highest negative balance of trade position of India were Rs. -1044519 crore ,due to annual growth rate of imports were 16.4 percent whereas exports were only 5.8 percent.
- During the year 2016-17, lowest negative balance of trade position of India were Rs. -728242 crore, due to annual growth rate of imports were only 3.5 percent whereas exports were 7.8 percent.
- It can be conclude that balance of trade position of India's were always negative during the study period due to our country's imports always more in comparison to exports.
- During 2013-14 Tea and coffee export was US \$ 1597.6 million has been increased to US \$1805.9 Million during the year 2017-2018.
- Maximum share in composition of export during the year 2013-14 were US\$ 711745.7 million of Engineering & electronic goods, whereas minimum share were US\$129 million of Glassware products.
- During the year 2017-18 Maximum share in composition of export during the year 2017-18 were US\$ 85100.2 million of Engineering & electronic goods, whereas minimum share were US\$ 934. million of tobacco.
- In nutshell it can be conclude that maximum share in composition of Indian export's were Engineering & electronic goods during the study period. But contribution of Gems and jewelry can't be ignored.
- Direction of Indian trade exports-maximum were Rs.134723 crore to developing Countries whereas minimum exports were Rs.154 crore to others .Secondly maximum export's to OECD Countries whereas thirdly to OPEC Countries.
- During the year 2017-18 maximum exports were Rs.133732 crore to developing countries whereas minimum export's were Rs.229 to other countries. Secondly to OECD countries whereas thirdly to OPEC countries .
- It can be conclude that developing countries and OECD Countries were the main markets for exports from India.
- India should think about to how we can improve exports and control on imports.
- India should think about to how India's Balance of trade position can be positive.
- We should increase in shares of composition of exports and find the other new direction for our export.

## References:

© 2018 by The Author(s).  ISSN: 1307-1637 International journal of Economic Perspectives is licensed under a Creative Commons Attribution 4.0 International License.

Corresponding author: **DR.JASVIR SINGH**

Submitted: 27Aug 2018, Revised: 09 Sep2018, Published: Sep 2018



**How to Cite:**

**DR.JASVIR SINGH (September 2018). GROWTH , COMPOSITION,DIRECTION AND BALANCE OF TRADE(BOT) POSITION OF FOREIGN TRADE OF INDIA DURING LAST FIVE YEARS**

*International Journal of Economic Perspectives*,12(9), 1-9

Retrieved from <https://ijeponline.com/index.php/journal>

**Books:**

- Mathur,vibha, “Foreign tradetrend and policy in India, “New century publications ,New Delhi,(India)
- Bansal,S.N., “International Trade,”sheer house, Delhi,1981.
- Verma. M., “International Trade.”Vikas publisher,New Delhi,1964.
- Mannar,H.G., “International Economics”,Vikas house,New Delhi .

**Journal and Magazines:**

- Bhati P.R., “India’s Export competitiveness and charge per unit policy,”Indian journal of economics,Allahabad, vol.LXXIII,Dec.1993,pp.77-83.
- Bhattacharya,B., “EXIM policy 2002-07,A promising start within the new millennium”,Yojana, vol.46,May 2002,pp.5-6.
- Jethra,B.D.andshali , “Export potential of Minerals”, Yojana,NewDelhi,vol.37,no.12,July15,1993,pp.14-15.
- Sharma,Ashok b, “Road Map for growth “,Yojana,vol.48,oct.2004,pp.7-14.

**Reports:**

- Govt.of India, Economic survey, Ministry of Finance, Economic divisions,New Delhi,2013-14 to 2017-2018
- Govt. of India, banking concern of India ,annual reports, Mumbai 2013-14 to 2017-18.

**Web sites:**

[Www.icrier.org](http://www.icrier.org)

[Www.bulletin.rbi.org.in](http://www.bulletin.rbi.org.in)

[Www.economicssurvey.com](http://www.economicssurvey.com)