

India's Foreign Trade

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Abstract

Foreign Trade has been one of most significant determinants of economic development in a country. 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. The main focus of the economic reforms in India has been on Liberalization, openness and export promotion activity. India's foreign Trade has export significantly changed in the Post -reforms period. In absolute terms, Trade Volume rose and the composition of exports and imports has undergone several significant changes. In Post-reform Period, the major contributor to exports growth has been the manufacturing sector. This is really a welcome development and the trend needs to be strengthened further for the increased income through exports. The effect of liberalization on India's foreign trade the economy has greatly influenced.

Key words: Trade policy, Liberalization and development

Introduction

India is fast emerging as a global leader, what with its vast, natural resources, and huge base of skilled manpower. Combined with cutting edge technology, Indian trade market is making its presence felt all across the world. Indian products and services are seen as of international standards and globally competitive. Trade in India has made good progress on liberalizing trade regimes and cutting tariffs since the recent times, when most of the countries started with reforms. Get ready for your introduction to Indian trade market.

Until quite recently, considerable protection levels reflected in the significant tariff peaks and dispersed protection levels were seen in India. Serious constraints to private activity in infrastructure, economic governance, financial impeded export competitiveness too. Insufficient and unreliable power supply, inhibiting red tape is a few of the many examples of these constraints.

Undertaking considerable industrial deregulation and other structural reforms, trade in India recognizes that strong exports are critical for overall economic growth and poverty reduction. Export-led growth has thus become a key thrust for the trade in India.

I. MERCHANDISE TRADE

EXPORTS (including re-exports)

In continuation with the positive growth exhibited by exports for the last eleven months, exports during July 2017 have shown growth of 3.94 per cent in dollar terms valued at US\$ 22543.80 million as compared to US\$ 21689.57 million during July,2016. In Rupee terms, during July 2017 exports were valued at Rs. 145308.10 crore as compared to Rs.145770.39 crore during July,2016, registering a negative growth of 0.32 per cent.

During July 2017, Major commodity groups of export showing positive growth over the corresponding month of last year are Engineering Goods (15.16%), Petroleum Products (20.27%), Organic & Inorganic Chemicals (20.67%), Cotton Yarn/Fabs./made-ups, Handloom Products etc.(5.39%) and Marine Products(30.53%)

Cumulative value of exports for the period April-July 2017-18 was US \$ 94756.13 million (Rs 610780.14 crore) as against US \$ 87001.34 million (Rs 582731.37 crore) registering a positive growth of 8.91 per cent in Dollar terms and 4.81 per cent in Rupee terms over the same period last year.

Non-petroleum and Non Gems & Jewellery exports in July 2017 were valued at US\$ 22543.80 million against US\$ 21689.57 million in July 2016, an increase of 6.93%. Non-petroleum and Non Gems and Jewellery exports during April -July 2017-18 were valued at US\$ 94756.13 million as compared to US\$ 87001.34 million for the corresponding period in 2016-17, an increase of 9.05%.

IMPORTS

Imports during July 2017 were valued at US\$ 33993.61 million (Rs 219108.89 crore) which was 15.42 per cent higher in Dollar terms and 10.70 per cent higher in Rupee terms over the level of imports valued at US\$ 29450.97 million (Rs. 197932.93 crore) in July, 2016. Cumulative value of imports for the period April-July 2017-18 was US\$ 146256.71 million (Rs. 942740.00 crore) as against US\$ 113996.75 million (Rs. 763687.22 crore) registering a positive growth of 28.30 per cent in Dollar terms and 23.45 per cent in Rupee terms over the same period last year.

Major commodity group of imports showing high growth in July 2017 over the corresponding month of last year are Petroleum, Crude & products (15.02%), Electronic goods (22.5%), Machinery, electrical & non-electrical (7.34%), Pearls, precious & Semi-precious stones (6.86%) and Gold (95.05%).

CRUDE OIL AND NON-OIL IMPORTS:

Oil imports during July, 2017 were valued at US\$ 7844.94 million which was 15.02 percent higher than oil imports valued at US\$ 6820.34 million in July 2016. Oil imports during April-July, 2017-18 were valued at US\$ 31022.43 million which was 20.87 per cent higher than the oil imports of US\$ 25666.96 million in the corresponding period last year.

In this connection it is mentioned that the global Brent prices (\$/bbl) have increased by 8.03 % in July 2017 vis-à-vis July 2016 as per World Bank commodity price data (The pink sheet).

Non-oil imports during July, 2017 were estimated at US\$ 26148.67 million which was 15.55 per cent higher than non-oil imports of US\$ 22630.63 million in July, 2016. Non-oil imports during April-July 2017-18 were valued at US\$ 115234.28 million which was 30.46 per cent higher than the level of such imports valued at US\$ 88329.79 million in April-July, 2016-17.

II. TRADE IN SERVICES (for June, 2017, as per the RBI Press Release dated 14th August, 2017)**EXPORTS (Receipts)**

Exports during June 2017 were valued at US\$ 13388 Million (Rs. 86276.29 Crore) registering a negative growth of 0.31 per cent in dollar terms as compared to positive growth of 4.08 per cent during May 2017 (as per RBI's Press Release for the respective months).

IMPORTS (Payments)

Imports during June 2017 were valued at US\$ 7457 Million (Rs. 48055.15 Crore) registering a negative growth of 2.07 per cent in dollar terms as compared to positive growth of 5.44 per cent during May 2017 (as per RBI's Press Release for the respective months).

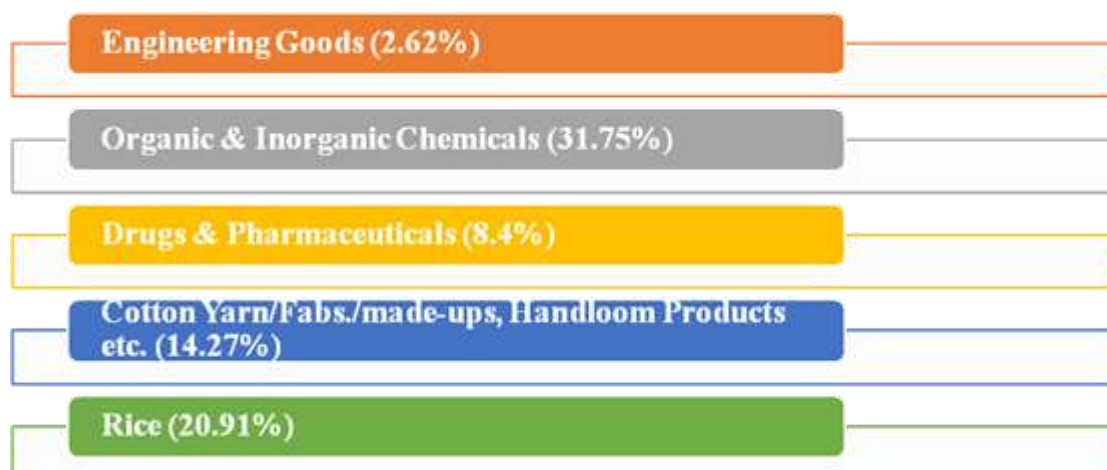
III. TRADE BALANCE

MERCHANDISE: The trade deficit for July 2017 was estimated at US\$ 11449.81 million as against the deficit of US\$ 7761.40 million during July 2016.

SERVICES: As per RBI's Press Release dated 14th August 2017, the trade balance in Services (i.e. net export of Services) for June, 2017 was estimated at US\$ 5931 million.

OVERALL TRADE BALANCE: Taking merchandise and services together, overall trade deficit for April-July 2017-18 is estimated at US\$ 34072.58 million as compared to US\$ 10799.41 million during

April-July 2016-17. (Services data pertains to April-June 2017-18 as June 2017 is the latest data available as per RBI's Press Release dated 14th August 2017)



III. TRADE BALANCE

MERCHANDISE: The trade deficit for March 2018 was estimated at US \$ 13.69 Billion as against the deficit of US \$ 10.65 Billion during March 2017.

SERVICES: As per RBI's Press Release dated 13th April 2018, the trade balance in Services (i.e. net export of Services) for February, 2018 was estimated at US \$ 5.57 Billion.

OVERALL TRADE BALANCE: Taking merchandise and services together, overall trade deficit for April-March 2017-18 is estimated at US \$ 87.17 Billion as compared to US \$ 47.70 Billion during April-March 2016-17. (Services data pertains to April-February 2017-18 as February 2018 is the latest data available as per RBI's Press Release dated 13th April 2018)

CONCLUSION

To sum up, India's merchandise exports have shown tremendous resilience in spite of challenging situations in the world demand for our exports. India's foreign trade, however, has to be seen in the context of current global uncertainties. Our ability to go ahead in spite of the global volatility will depend upon the adaptive efficiency of our exports.

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