

Analytical Study of Foreign Trade Performance in India

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Abstract

Before the beginning of liberalization, India was largely and intentionally isolated from world market to protect its economy and achieve self reliance. Foreign trade was subject to import tariffs, export taxes and quantitative restrictions, while foreign direct investment was restricted by upper limit equity participation, restriction on transfer of technology, export obligations and government approvals. Since liberalization, India's international trade increased rapidly with the contribution of total trade in goods and services to the GDP rising from 16% in 1990-91 to 48.8% in 2014-15. India's major trading partner are the European union, China, United States and United Arab Emirates. Major export commodities included Gems & Jewellery, Textiles & Allied Products, Chemical & Related Product, Petroleum Crude & Products, Agriculture & Allied Products etc. Major Import commodities included Petroleum Crude & Products, Electronic Items, Gems & Jewellery, Chemical & Related Product, Machinery & Base Metals etc. After economic liberalization, India achieved 6-7% average GDP growth annually. Nowadays, Indian economy became world's fastest growing major economy.

Keywords: Foreign trade, import, export, liberalization, GDP, Indian Economy, CBRC system.

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1. INTRODUCTION

Indian economy is a developing mixed economy. It is the world's sixth largest economy by nominal GDP and the third largest by Purchasing Power Parity (PPP). Foreign trade volume is a major component of any economy. International trading relation of India was began in ancient period. Volume of foreign trade increased day by day and reached very high in medieval period. Even before independence Indian government maintained semi-autonomous diplomatic relation with other countries regarding International business. It had colonies who sent and received full missions, India was a founder member of the League of Nations and the United Nations. After independence India joined the commonwealth nations very soon. India is a founding member of General Agreement on Tariffs and Trade and its successor is WTO. India is actively participating in general council meetings and has been crucial invoicing the concerns of the developing nations. India's exports were stagnate for the first 15 years after independence due to various restrictions while Import is very necessary due to start up of industrialization, Machinery, material and consumer goods requirement. During the cold war India adopted a foreign policy of not aligning itself with any power bloc. India developed close business relation with USA as well as Soviet Union.

India was a closed economy due to the average tariffs exceeding 200 percent and the extensive quantitative restrictions on imports prior to 1991. Foreign investment was strictly restricted to allow Indian ownership of business areas. In the post liberalization period, Indian Government made foreign trade policy so much liberal & withdrawn the restrictions step by step. It has improved position of India's foreign trade. Nowadays, Indian exports reached to approximately 7500 commodities to about 190 countries. India exports US\$ 262.3 billion and imported US\$ 381.0 billion worth of commodities in 2015- 16. Top commodities of exports in 2015-16 were Gems & Jewellery, Textiles & Allied Products, Chemical & Related Product, Petroleum Crude & Products, Agriculture & Allied Products, Transport Equipment, Machinery & Base Metals etc. Top commodities of import in 2015-16 were Petroleum Crude & Products, Electronic Items, Gems & Jewellery, Chemical & Related Product, Machinery, Base Metals, Agriculture & Allied Products, Plastic & Rubber Articles and Transport Equipments. India's largest export trade partners in descending order of volume of total trade were the USA, United Arab Emirates, Hongkong, United Kingdom, Singapore, China, Germany, Vietnam, Bangladesh and Belgium in the financial year 2015-16. India's largest Import trade partners in descending order of volume of total trade were the China, USA, United Arab Emirates, Saudi Arabia, Switzerland, Indonesia, Korea, Germany, Iraq and Japan in the financial year 2015-16.

2. PURPOSE OF STUDY

The Broad objectives of this study are to analyze the latest trend of foreign trade performance in India and its impact on Indian economy and society. The specific objectives of the study are as follows:

- To analyze the trend and composition of foreign trade in India since 1999-2000;
- To examine the trend of foreign trade in economic growth of India;
- To examine the commodity-wise trend of Import and Export in India;

- To study the major foreign trade partner's current position

3. RESEARCH METHODOLOGY AND COLLECTION OF DATA

This is an explanatory investigation with explorative methodology based on secondary data. The secondary data was collected from different authentic sources like text books, Research Papers, Articles, Newspapers, Internet and Several Publications of Government of India. This study was made to have an overview of foreign trade trends in India.

4. REVIEW OF LITERATURE

Michele Alessandrin, Bassam Fattouh and Pasqual Scaramozzino (2007) conducted a study on "The changing pattern of foreign trade specialization in Indian manufacturing". In this study they found a positive relationship showing continuously between foreign trade and growth in general and performance of foreign trade in India after the beginning of liberalization era. The long-term potential of an economy can be positively related to its specialization in technologically advanced sectors.

Amandeep Kaur (2012), conducted a study on the topic "Pattern of India's foreign trade in pre and post reform Era: An empirical investigation." She found in their study that post liberalization era has certainly helped India in achieving high growth in economy. Rapid growth of imports of capital goods, technical services, raw material to meet the requirement of industrialization. Growing imports of petroleum products for meeting industrial and consumption requirements. India's share in world's exports has shown a rising trend.

A. Pushplata Singh (2014), found in her study on the topic of "Performance of Foreign Trade in India in the post liberalization era" that total exports of India has increased after the adoption of new economic policy in India. Although India is facing continuous deficit in its balance of payment but the overall prosperity is unbounded, in spite of fluctuation in GDP growth rate, the volume of foreign trade is increasing day by day. The composition of India's Export and Import has grown up significantly.

5. TRENDS OF FOREIGN TRADE PERFORMANCE IN INDIA

Trade performance of a country can be measured from various perspectives- imports, exports, trade balance, total trade, etc. and its growth over the past years. The global slowdown during 2008 had its impact on the economy of almost all the countries, including India. The impact was such that during 2009-10 in both exports and imports, there were decreases in the rate of growths; for exports it was merely 0.6%, whereas for imports it was negative growth for the first time 0.8% in 2009-10. In 2012-13, India's merchandise export stood at 300.40 billion US\$ as compared to 305.96 Billion US\$ and 249.82 Billion US\$ in 2010-11. This has resulted in an annual growth of exports 11.48% in 2012-13, 8.3% in 2011-12. During the last 25 years, India's exports have increased more than 17 times, from US\$ 18.1 billion in 1990-91 to US\$ 309 billion in 2014-15. India's share in global exports has moved up from mere 0.6 % in early nineties to 1.7 % currently. Likewise, India's share in global imports has increased from around 0.6% during early nineties to 2.4% currently. In the first decade of this period (1990-91 to 1999-2000), India's exports grew at a CAGR of 8.1 percent and imports at 8.7 %. The real surge was witnessed in the next decade (2000-01 to

2009-10, when exports grew at 16.8% and imports at 21.5% annually. This trend continued excluding 2014-15 there has been a steady decline in trade owing to global slowdown.

During the initial period of liberalization, India's exports were less diversified, with top 20 countries accounting for more than 80% of India's total exports. During 1991-92, USA was the largest export destination (16.4%), followed by Japan (9.2%) Russia (9.2%) and some European countries. Today, top 20 export destinations for India account for 68% of total exports, reflecting greater diversification. While USA remains the largest export destination. Its share comes to 16.24%. UAE has emerged as second largest export destination accounting for 11.96% share. The most significant change in the direction of India's exports during post liberalization era has been the increasing share of developing countries and falling share of advanced and developed economies. Between 1990-91 and 2014-15, the share of Asia has increased from 34% to 49% and that of Africa from 3% to 11%. On the other hand, share of Europe has come down from 41% to 19% during this period.

Summary Table of India's Foreign Trade (US\$ Billion)

Financial Year	Export	Import	Trade deficit
1999-2000	43.1	60.8	-17.7
2000-2001	42.5	54.5	-12.0
2001-2002	44.5	53.8	-9.3
2002-2003	48.3	61.6	-13.3
2003-2004	57.24	74.15	-16.91
2004-2005	69.18	89.33	-20.15
2005-2006	76.23	113.10	-36.87
2006-2007	112.0	187.9	-75.90
2007-2008	176.4	305.5	-129.1
2008-2009	168.2	274.3	-106.1
2009-2010	201.1	327.0	-125.9
2010-2011	299.4	461.4	-162.0
2011-2012	298.4	500.4	-202.0
2012-2013	313.2	467.5	-154.3
2013-2014	318.2	462.9	-144.7
2014-2015	310.3	447.9	-137.6
2015-2016	262.3	381.0	-118.7
2016-2017	275.8(P)	384.3(P)	-108.5(P)

Source: www.commerce.nic.in and Annual Report of Ministry of Commerce and Industry 2016-17, Government of India

Export Trends in India's Foreign Trade on the basis of Principal Commodities (US\$ Million)

S. No.	Commodity	April-March 2015	April-March 2016	April-October 2015	April-October 2016(P)	% Growth	% Share
1.	Plantation	1502.88	1562.60	899.12	895.21	-0.43	0.58
2.	Agriculture & Allied Products	30147.31	24521.93	14047.20	13420.44	-4.46	8.64
3.	Marine Product	5510.49	4767.50	2903.24	3467.62	19.44	2.23
4.	Ores & Minerals	2410.18	2014.92	1113.65	1412.08	26.80	0.91
5.	Leather & Allied Manufacturing	6195.21	5554.34	3361.63	3157.38	-6.08	2.03
6.	Gems & Jewellery	41266.07	39283.46	23196.29	26457.94	14.06	17.02
7.	Sports Goods	274.50	227.70	147.60	144.74	-1.94	0.09
8.	Chemical & Related Product	31731.22	32169.23	18877.83	18740.56	-0.73	12.06
9.	Plastic & Rubber Articles	6615.17	6415.86	3784.11	3682.56	-2.68	2.37
10.	Articles of Stone, Cement, Mica, Glass or similar Materials	4042.51	3879.36	2313.11	2370.22	2.47	1.53
11.	Paper & Related Product	2180.66	2347.60	1419.38	1421.64	0.16	0.91
12.	Base Metals	24742.75	18497.79	11486.30	10768.20	-6.25	6.93
13.	Optical, Medical & Surgical Eq.	1686.34	1635.07	939.29	1061.22	12.98	0.68
14.	Electronic Items	6009.07	5690.23	3164.33	3270.27	3.35	2.10
15.	Machinery	19705.35	18922.31	10956.88	11483.13	4.80	7.39
16.	Office Equipment	54.77	89.49	53.30	63.84	19.77	0.04
17.	Transport Equipment	26636.37	21336.08	12997.18	12818.00	-1.38	8.25
18.	Project Goods	36.59	25.13	11.37	17.64	55.08	0.01
19.	Textiles & Allied Products	37140.74	35952.65	20640.11	19593.95	-5.07	12.61
20.	Petroleum Crude & Products	56794.15	30582.72	19487.67	17596.95	-9.70	11.32
21.	Others	5656.13	6814.13	3379.75	3575.24	5.78	2.30
	Total	310338.47	262290.12	155179.35	155418.82	0.15	100.0

Source: Annual Report of Ministry of Commerce and Industry 2016-17, Government of India & DGCIIS Kolkata

Import Trends in India's Foreign Trade on the basis of Principal Commodities (US\$ Million)

S. No.	Commodity	April-March 2015	April-March 2016	April-October 2015	April-October 2016(P)	% Growth	% Share
1.	Plantation	1034.06	895.75	568.86	524.10	-7.87	0.25
2.	Agriculture & Allied Products	19004.14	20673.58	11954.27	12188.54	1.96	5.84
3.	Marine Product	73.93	97.23	44.16	56.70	28.41	0.03
4.	Ores & Minerals	26917.86	20684.17	12941.13	10604.28	-18.06	5.08
5.	Leather & Allied Manufacturing	1092.62	1031.28	605.88	593.82	-1.99	0.28
6.	Gems & Jewellery	62351.34	56508.63	33844.64	26714.90	-21.07	12.80
7.	Sports Goods	201.29	221.01	123.77	128.84	4.10	0.06
8.	Chemical & Related Product	38553.65	36888.21	23812.29	20364.55	-14.48	9.76
9.	Plastic & Rubber Articles	14326.69	13760.68	8451.43	8346.69	-1.24	4.00
10.	Articles of Stone, Cement, Mica, Glass or similar Materials	2373.87	2438.51	1486.22	1355.94	-8.77	0.65
11.	Paper & Related Product	7636.46	7157.27	4271.79	4116.36	-3.64	1.97
12.	Base Metals	27046.58	24703.54	15048.24	12424.74	-17.43	5.95
13.	Optical, Medical & Surgical Eq.	4283.47	4176.62	2384.69	2476.30	3.84	1.19
14.	Electronic Items	36857.40	40021.93	23449.29	22827.63	-2.65	10.94
15.	Machinery	32023.10	33217.30	18696.51	18581.51	-0.62	8.90
16.	Office Equipment	161.50	124.22	79.83	46.33	-41.97	0.02
17.	Transport Equipment	15287.74	15394.27	8243.83	7671.27	-6.95	3.68
18.	Project Goods	3631.43	2761.07	1698.40	1157.88	-31.83	0.55
19.	Textiles & Allied Products	5512.44	5332.57	3284.61	3485.83	6.13	1.67
20.	Petroleum Crude & Products	138325.51	82944.47	55139.40	46644.24	-15.41	22.35
21.	Others	11338.33	11974.33	7288.69	8390.03	15.11	4.02
	Total	448033.40	381006.62	233417.93	208700.46	-10.59	100.0

Source: Annual Report of Ministry of Commerce and Industry 2016-17, Government of India and DGCIS Kolkata

Region-wise Export trends in India's Foreign Trade (US\$ Million)

S. No.	Region	April-March 2015	April-March 2016	April-October 2015	April-October 2016(P)	% Growth	% Share
1.	Europe	56304.02	50343.68	29399.56	30130.09	2.48	19.39
2.	Africa	32841.95	25026.78	15498.49	13451.15	-13.21	8.65
3.	America	59050.35	52754.27	31770.09	32544.97	2.44	20.94
4.	Asia	153811.50	127846.80	74986.53	75093.50	0.14	48.32
5.	CIS & Baltics	3396.13	2391.64	1376.56	1560.57	13.37	1.00
6.	Unspecified Region	4934.52	3926.95	2148.12	2638.54	22.83	1.70
7.	Total	310338.47	262290.12	155179.35	155418.82	0.15	100.0

Source: Annual Report of Ministry of Commerce and Industry 2016-17, Government of India and DGCIS Kolkata

Region-wise Import trends in India's Foreign Trade (US\$ Million)

S. No.	Region	April-March 2015	April-March 2016	April-October 2015	April-October 2016(P)	% Growth	% Share
1.	Europe	73919.80	64632.91	38332.22	32419.40	-15.43	15.53
2.	Africa	38634.87	31667.23	20954.51	15111.21	-27.89	7.24
3.	America	55908.93	45990.40	27755.93	24465.49	-11.85	11.72
4.	Asia	263912.75	222627.93	136309.30	126781.34	-6.99	60.75
5.	CIS & Baltics	7665.23	7078.38	4301.55	4552.41	5.83	2.18
6.	Unspecified Region	7991.81	9009.78	5764.43	5370.60	-6.83	2.57
7.	Total	448033.40	381006.62	233417.93	208700.46	-10.59	100.0

Source: Annual Report of Ministry of Commerce and Industry 2016-17, Government of India and DGCIIS Kolkata

Top Ten Import Countries (US\$ Million)

Rank	Country	April-March 2015	April-March 2016	April-October 2015	April-October 2016(P)	% Growth	% Share
1.	China	60413.17	61706.87	36536.92	34910.39	-4.45	16.73
2.	USA	21814.60	21781.39	12765.85	11726.76	-8.14	5.62
3.	United Arab Emirates	26139.91	19445.68	12126.90	11671.11	-3.76	5.59
4.	Saudi Arabia	28107.56	20321.33	12706.66	11058.12	-12.97	5.30
5.	Switzerland	22133.16	19299.49	11209.87	7930.09	-29.26	3.80
6.	Indonesia	15004.64	13131.93	7944.31	6873.97	-13.49	3.29
7.	Korea	13529.11	13047.12	7756.41	6776.88	-12.63	3.25
8.	Germany	12787.86	12088.37	7201.95	6564.74	-8.85	3.15
9.	Iraq	14247.66	10837.58	7302.73	6214.99	-14.90	2.98
10.	Japan	10131.36	9850.22	5733.42	5626.56	-1.86	2.70

Source: Annual Report of Ministry of Commerce and Industry 2016-17, Government of India

Top Ten Export Countries (US\$ Million)

Rank	Country	April-March 2015	April-March 2016	April-October 2015	April-October 2016(P)	% Growth	% Share
1.	USA	42464.22	40339.85	24243.75	25237.07	4.10	16.24
2.	United Arab Emirates	33028.08	30290.01	18176.67	18581.97	2.23	11.96
3.	Hongkong	13599.88	12092.21	7199.18	8192.12	13.79	5.27
4.	United Kingdom	9354.21	8858.00	5309.33	5107.04	-3.81	3.29
5.	Singapore	9809.53	7719.97	4115.37	4805.19	16.76	3.09
6.	China	11957.08	9013.54	5380.29	4674.17	-13.12	3.01
7.	Germany	7539.79	7094.57	4101.35	4089.33	-0.29	2.63
8.	Vietnam	6257.88	5266.15	2759.78	3410.15	23.57	2.19
9.	Bangladesh	6451.48	6034.95	3422.33	3338.13	-2.46	2.15
10.	Belgium	5519.64	5027.65	2862.84	3124.38	9.14	2.01

Source: Annual Report of Ministry of Commerce and Industry 2016-17, Government of India

Petroleum has always remained the most important Item of import in India's trade in the pre as well as post reform period. It had a share of 27% in total imports in 1991-92, which stands at around 31% in 2014-15. With a sharp decline in global crude prices, India's Imports of petroleum

come down significantly, growth declined by 16.7% in 2014-15 and by 41% during 2015-16. This has helped India in narrowing the trade deficit and also kept current account deficit largely under control. Gold is the second most important import item after crude oil. The data shows that significant drop was observed in gold imports in 2013-14, when gold imports declined from 56.3 billion US\$ and 53.7% billion US\$ in 2011-12 and 2012-13 respectively to 27.5 billion US\$ in 2013-14, primarily due to fall in the international gold prices and various policy measures taken by the government to curb gold imports. The government had increased customs duty on gold to 10 percent and banned import of gold coins and medallions to reduce its ballooning current account deficit. However, a slight jump was again observed in gold imports in 2014-15 to US\$ 34.4 billion, due to relaxation in curbs on gold imports provided by RBI.

Import of India declined 10.59% from the previous year to US\$ 67026.78 million in 2015-16. India is heavily dependent on crude oil imports with petroleum crude accounting for about 22.35% of the total inward shipment. India also imports Electronic items (10.94%), Gems & Jewellery (12.80%), Chemical and related product (9.76 %). India's main import partners are China (16.73%), USA (5.62%), UAE (5.59%), Saudi Arabia (5.30%) and Switzerland (3.80%). Import in India reaching an all time high of 45281.90 US\$ million in may of 2011 and a record low of 117.40 US\$ million in August 1958. Export of India slightly positive change with 0.15% from the previous year to 2015-16. India's main export commodity is Gems & Jewellery for about 17.02% of total export. India also export Textile & Allied Product (12.61%), Petroleum Crude & products (11.32%), Agriculture & Allied Products (8.64%), Transport Equipment (8.25%). India's main export partners are USA (16.24%), UAE (11.96%), Hongkong (5.27%), UK (3.29%) and Singapore (3.09%).

Global growth for 2016 is estimated by IMF at 3.1%. Growth is projected at 3.4% and 3.6% respectively for 2017 and 2018. For Indian exports, the year 2016-17 started with hope of stability and recovery optimism, after a grim year 2015-16. Green shoots in exports growth have been noticed for quite some months. Keeping pace with the positive momentum, exports during the month of December, 2016 registered an impressive positive growth of 5.72% valued at US\$ 23.88 billion than level of US\$ 22.59 Billion. During December, 2016 was US\$ 198.80 billion as against US\$ 197.33 billion registering a positive growth of 0.75% over the same period last year. Petroleum exports during April to December 2016 have declined by 6.5% in Rupee terms as compared to the corresponding period of 2015. However, non-petroleum exports during this period have increased by almost 6 % as compared to non-petroleum exports in the corresponding period of 2015. Principal commodities like newsprint, wool, fresh marine products, paint, varnish, agro chemicals, aluminum product, inorganic chemicals, processed vegetables, tyres & tubes, drug formulation, buffalo meat, leather footwear component, etc. have shown positive growth in both value and through courier or foreign post offices.

Export during 2015-16 are valued at US\$ 262.30 billion. Overall exports in 2015-16 have declined by 15.5% as compared to exports in 2014-15. Non-petroleum exports during 2015-16 have declined by more than 8% in Dollar terms as compared to non-petroleum exports in 2014-15. However, petroleum exports declined by more than 46% in US Dollar terms during the same

period. Twelve sectors viz tea, tobacco, spices, fruits & vegetables, cereal preparations & miscellaneous processed items, ceramic products & glassware, drugs & pharmaceuticals, RMG of all textiles, jute manufacturing including floor covering, carpets, handicrafts excluding hand made carpets & plastic and linoleum recorded positive growth value terms. Other sectors have recorded contraction. The Service sector has emerged a prominent one in India in terms of its contribution to national and state incomes, trade flows, employment and FDI inflows. This sector contributes around 58% towards the GDP and 28% to employment. In trade terms, it contributes 25% to total trade, around 35% to exports and 20% to imports. The single most important contributor to India's services exports is the IT/ITES sector.

The WTO lowered world trade growth forecast in 2016 to 1.7% and revised the 2017 estimate between 1.8% and 3.1%. The contraction was driven by slowing GDP and trade growth in developing economies such as China and Brazil but also in North America, which had the strongest import growth of any region in 2014-15 but has decelerated since then. In the backdrop of global slowdown and lower world demand, India witnessed steady growth momentum in comparison to other developing world economies.

Govt. Initiative to Promote Foreign Trade: The number of mandatory documents for exports and imports have been reduced to 3 each for export and import from 7 and 10 respectively. IEC has been integrated with eBIZ portal of DIPP. IEC an EPCG application have been integrated with Neivesh portal implemented by PMG set up by Cabinet Secretariat. Use of electronic bank realization certificate (eBRC) system has been extended. The eBRC system captures details of the foreign exchange received by exporters through the banking channel. Grievances on policy, procedure and implementation issues registered at the public grievances portal of Department of Administrative Reforms & Public Grievances are handled promptly. DGFT maintains an active Twitter handle (#DGFTOMDIA) with more than 8,000 followers. Responses to tweets sent to CIM's account and DGFT handle are managed through the Twitterseva services. DGFT signed MOU with the Goods and Services Tax Network (GSTn) for sharing foreign exchange realization and Import Export code data. This will strengthen processing of export transactions of taxpayers under GST, increase transparency and reduce human interface. The GeM, a dedicated marketplace for procurement of goods/services by the Government/PSUs, started in April 2016, with technical support on National e-Governance Division under Ministry of Electronics & IT.

PFMS integration for product purchase has been done. Services Procurements PFMS integration is being done. Payment integration with railways/defense/posts payment mechanisms is being undertaken. To further improve SEZs functioning, digitization and online processing of various activities, dual use of infrastructure in non-processing has been allowed by SEZ and non-SEZ entities both. Provision for Refund, Demand, Adjudication, Review and Appeal relating to authorized operations under Special Economic Zones Act, 2005, has been notified on August 5, 2016. The FTP-2015-20 launched on April 1, 2015 sharpened the measures adopted for trade facilitation by introducing a slew of measures by providing a framework for increasing exports of goods and services, generation of employment and increasing value addition, in keeping with "Make in India" vision. An interest equalization Scheme has been introduced from April 1, 2015

for 5 years. The scheme envisages rate of interest equalization @ 3% per annum for Pre Shipment Rupee Export Credit and Post Shipment Rupee Export Credit.

The Board of Trade (BOT) has been reconstituted to have continuous discussion and consultation with trade and industry. To ensure continuous dialogue with State Governments and UT's on measures to provide enabling environment in the states and create framework for making the states active partners in boosting India's exports, the Council for Trade Development and Promotion was constituted in July 2015. The state governments have been requested to develop their export strategy, appoint export commissioners, address infrastructure constraints restricting movement of goods, facilitate refund of VAT/Octroi/ State level cess and build capacity of new exporters, in order to promote exports. The Government has notified 10 Spice Development Agencies in major spice growing states in order to have synergy and convergence of activities for development of spices. To make state-of-the-art equipment and technological advancement available to SSME units, a Scheme of setting up of 13 common facility centers for the gem & jewellery sector is being implemented. With an objective to facilitate constant supply of rough diamonds and to make this industry an International Diamond Trading Hub, the India Diamond Trading Centre, special notified zone has been created at Bharat Diamond Bourse, Mumbai.

7. CONCLUSION

The long-term growth prospective of the Indian economy is much positive due to its young population, corresponding low dependency ratio, healthy saving environment, interest rates and increasing integration possibilities into the Global Economy. India topped the world bank's growth outlook for the first time in fiscal year 2015-16 during which the economy grew rate is 7.6 %. India has one of the fastest growing service sector in the world with an annual growth rate above 9% since 2001 which contribute to 57% of GDP in 2012-13. India has become a major exporters in IT services, software services and Business Process Outsourcing (BPO) with US\$ 154 billion revenue in financial year 2016-17. This is the fastest growing part of the Economy. The IT sector is contributing larger private sector employment in India.

WTO, in its latest release said that growth in the volume of world trade was likely to remain sluggish in 2016 at 2.8%, unchanged from levels recorded in 2015, which was the fourth consecutive year when growth in world merchandise trade remained below 3%. For 2017, global trade is expected to grow at 3.6%, but it is below the yearly average of 5% since 1990. With such muted growth prospects, recovery in India's exports becomes extremely challenging. The way forward is to strive toward greater competitiveness which in turn would require a strong policy push. Additionally, under the various free trade agreements that are currently being negotiated, the government should aim at achieving significant market access for Indian exporters. In the recent Board of Trade meeting held by the government, some of the thrust areas identified to push exports include reviving SEZs and according priority sector status to export credit, promoting organic produce, MSMEs, involving missions and embassies to promote trade and removing issues of EXIM bank and Export Credit Guarantee Corporation. This study shows that import has a negative influence on economic growth but the volume of trade reflected by economic openness have a positive impact in the export trend and the economic growth of India

and its magnitude is increasing continuously. This study also indicate that second generation reform of post liberalization era has certainly helped India in achieving high growth in the economy.

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