

TRENDS IN INDIA'S FOREIGN TRADE POLICY SINCE PLANNING PERIOD



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Research paper—Economics

Since independence the number of changes has been taken place in all most all sectors of the Indian economy. As far as foreign trade is concerned India has adopted an inward-oriented restrictive trade policy till 1960's. Since 1960's, India has adopted the import substitution policy, however the liberalisation era was started in 1970's, but it is a mild in nature, in the late 1980's and early 1990's the drastic changes have been taken place under the leadership of our late Prime Minister Mr. P.V.NarshimhaRao, and the finance minister Dr. Manmohan Singh. Indian economy has shifted towards the globalisation and our economy is linked with world economy. During 1950-1951 to 2003-2004 the Govt. of India have been implemented number of foreign trade policies, these policies have brought a tremendous changes in Indians foreign trade.

Study area:- In the present work an attempt has been made to the study the "Trends in India's foreign trade since planning period" In order to study the trends in foreign trade the three components of trade are considered i.e. Exports, Imports, Trade balance .

Objectives :- To examine the impact of Govt, foreign trade policy on (A) Exports (B) Imports (C) Trade balance

Data and research methodology:- The entire data used for the present study have been obtained from the secondary sources; the data required for the analysis of different periods are collected from the following sources.

1. R.B.I. Annual Reports and Monthly Reports various issues
2. Economic and Political Weekly - Various issues.
3. Foreign Trade –Review various issues'
4. Internet.etc
5. Economic surveys- Ministry of finance, Govt of India various issues. As far as

research methodology is concerned the data has been analysed by using simple to moderate statistical tools like Averages, Percentages, and Graphs are used for analysing the data. International trade or foreign trade implies that the trade between two or more countries. It is one of the important macro- fundamental variables of an Economy. The Foreign trade is considered as "Engine of growth" this Engine of growth is depend upon the various factors such as the ratio of foreign trade of an economy with world trade, terms of trade, volume of export, volume of import and trade balance etc. As far as foreign trade policy is concerned number of changes have been taken place during the planning period i.e. 1951-1952 onwards

In the initial period of planning India has adopted restrictive trade and import substitution policy till 1970s during this period public sector has assigned a major role to play in economic development of the country, on the other hand private sector play its role with regulation However, at the end of 1970s and beginning of 1980s India has changed its foreign trade policy from restrictive trade to liberal trade policy During 1980s and 1990s the drastic changes have been taken place in the economies of the world. Economic power centres in the world have shifted over the years and the Engine of growth has also altered, the late 1980s and early 1990s have seen a new wave towards globalisation of finance and greater integration of production through trade under different political conditions including trade policies in order to share the benefits of globalisation. Since planning period India's foreign trade has passed through the above mentioned foreign trade policies which has impacted on the volume of imports, exports, trade balance etc. Impact of foreign

trade policy on India's foreign trade is shown in the following table and graphs.

Table showing volume of exports, imports, trade balance during pre and post liberalisation period

TABLE.NO.1 (Rs.in crores)

YEAR	EXPORT	IMPORT	TRADE BALANCE
1	2	3	4
1950-51	606	608	-2
1951-52	716	890	-174
1952-53	578	702	-124
1953-54	531	610	-79
1954-55	593	700	-107
1955-56	609	774	-165
1956-57	605	841	-236
1957-58	561	1035	-474
1958-59	581	906	-325
1959-60	640	961	-321
1960-61	642	1122	-480
1961-62	660	1090	-430
1962-63	685	1131	-446
1963-64	793	1223	-430
1964-65	816	1349	-533
1965-66	810	1409	-599
1966-67	1157	2078	-921
1967-68	1199	2008	-809
1968-69	1358	1909	-551
1969-70	1413	1582	-169
1970-71	1535	1634	-99
1971-72	1608	1825	-217
1972-73	1971	1867	104
1973-74	2523	2955	-432
1974-75	3329	4519	-1190
1975-76	4036	5265	-1229
1976-77	5142	5074	68
1977-78	5408	6020	-612
1978-79	5726	6811	-1025
1979-80	6418	9143	-2725
1980-81	6711	12549	-5835
1981-82	7806	13608	-5802
1982-83	8803	14293	-5490
1983-84	9771	15831	-6060
1984-85	11744	17143	-5399
1985-86	10895	19658	-8763
1986-87	12452	20096	-7644
1987-88	15674	22244	-6570

1988-89	20232	28235	-8003
1989-90	27658	35328	-7670
1990-91	32533	43198	-10645
1991-92	44041	47851	-3810
1992-93	53688	63375	-9687
1993-94	69751	73101	-3350
1994-95	82674	89971	-7298
1995-96	106465	121647	-15182
1996-97	118817	138919	-20102
1997-98	130100	154176	-24067
1998-99	139753	178332	-38579
1999-00	159561	215236	-55675
2000-01	203571	230872	-27301
2001-02	209018	245199	-36181
2002-03	255137	291133	-35996
2003-04	283605	346474	-62869

Source:-

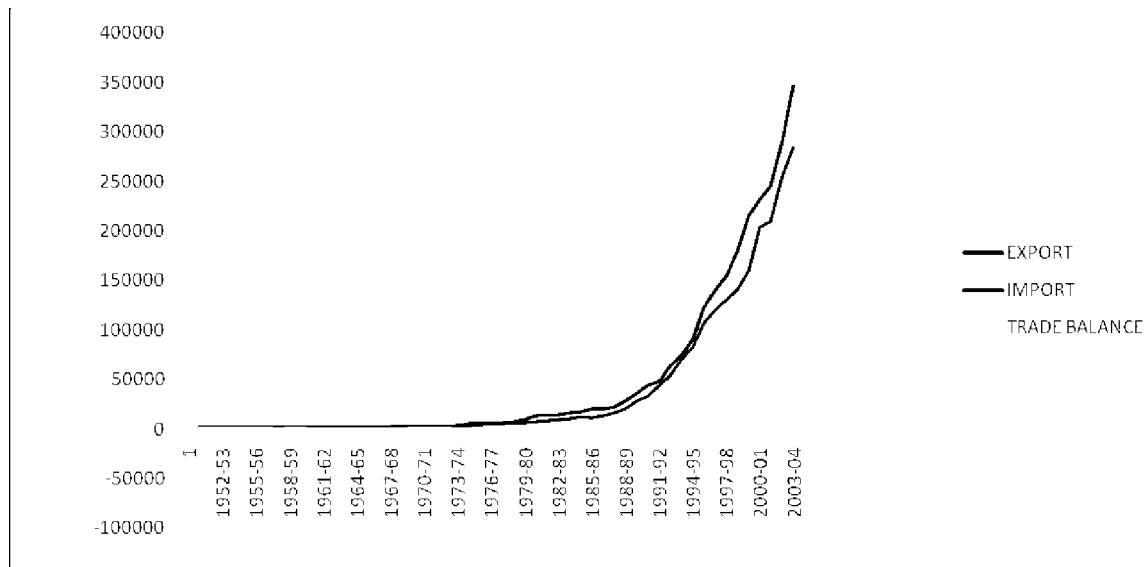
1) Economic survey Govt of India 2002-2003 Table No.6.3 Page.No.101 2) Annual Report RBI 2003-2004. Page No.94. 3) Economic and Political Weekly May 15-21, 2003-2004 Page 1982.

In the above table and graph the volume of export, imports and trade balance is shown from 1950-51 to 2003-2004. Since planning period there is increase in the volume of all factors either positively or negatively.

Exports:-In the year 1950-51 the volume of exports were Rs.606/-crores and it has increased upto Rs.1413/- crores in 1969-1970 in the initial years of pre liberalisation period the volume of exports have been increased gradually, However in the liberalisation period volume of exports has been increased up to Rs1531/- in 1970-71, in 1989-90 it has increased upto Rs27658/-crores in the post liberalisation period the volume of exports has increased up to Rs283605/-crores i.e. In 2003-2004.

Imports:-In the initial year of planning period the volume of imports were Rs608/-crores i.e. is in 1950-51, after two decades it has increased up to Rs1582/- crores in 1969-70, during the liberalisation period the volume of imports has increased from Rs.1634/-crores in 1971-72 to Rs.35328/- in 1989-90, in post reform period it has increased from RS44041/- crores to Rs.346474/- crores in 2003-04.

Trade balance:-The volume of trade balance of India has remained always negative (i.e. Due to the volume of imports exceeds the volume of exports)

Graph. No. 1 Graph showing volume of exports, imports and trade balance since

expect for only two years trade balance of India has remained positive i.e. is in the year 1972-73 and 1976-77. The volume of trade balance was Rs -2/-crores in 1950-51, and it was increased up to Rs.-169/- in 1969-70, however there is a continuously increase in the negative volume of trade balance in pre-reform period it was Rs.-7670/- in 1989-90 crores, and in post reform period it has increased up to Rs.-62869/- crores i.e. is in 2003-2004.

Findings & Conclusions :- * During the first phase of international trade policy of India the volume of Exports and Imports were less, due to the restrictive trade policy was followed by Indian Govt.(i.e. 1950-51 to 1969-70) * In the pre-reform period India's trade has

increased, due to the liberalisation policy adopted by the gov. Of India.* In the post-reform period India's trade has increased significantly because of LPG. *India's trade balance is always negative because of volume of imports are greater than exports,so the gov. Of India should frame such policy which boost the volume * of exports, ultimately it helps to transform negative trade balance into positive trade balance * The volume of imports were always remained high, so it is necessary to curtail the imports of un necessary goods and luxurious goods , which in turn help to maintain positive trade balance. * The gov. of India must frame such policies which induces the promotions of exports from all the sectors of the economy.

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- 6) Misra. Puri-Development Issues of Indian Economy,2005