

Changing Trend of India's Exports Since 2000 – A Study

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Abstract

Exports offer numerous benefits to a nation and specially leads to economic prosperity. Despite of many efforts India's Trade deficit is negative. The government has been working on policy and economic reforms with the realisation that to compete globally with other economies, export growth is essential. Tracing back records, the year 1991 proved to be a revolution for Indian economy. Ear marking several post liberalisation reforms witnessed world-wide namely liberal trade policies, exchange rate policies, industrial policies, financial sector policies, taxation policies and so on, India accepted and adapted too many changes giving a positive shift towards growth oriented stratagem which resulted in increased export activities. Since then our export growth has been unique amongst other competing developing economies. Unlike the phenomenal growth of neighbouring nations India did not grow spontaneously, but steadily. The research paper reflects India's evolving trade policies and the impact of those policies on its trade flow, economic efficiency, and export growth, since 2000. Along with trade policy 2004-09, 2009-14, and FT policy 2015-20 in succession, India has lined up with many progressive changes. The study has been undertaken to reveal export trade policy regime in India and to study the impact of those policies on India's export performances from the year 2000 till date.

Keywords: *Quantitative growth, export trends, growth rate, trade policy reforms, Policy measures.*

I. Introduction

Over the last six decades, India's foreign trade has undergone a complete transformation in terms of volume, composition and direction. The last three decades i.e. from 1991 with the introduction of New Industrial policy, India not only witnessed growth in trade activities but also increased competitiveness with the major players of the world. These reforms ended the grapple and walloped the nation giving a tough fight with the adversities whooping towards a new dawn of growth.

Trade reforms form an integral part of the overall structural transformation process. Among developing countries India's export growth statistics in the last decade has been unique. Its constant measures and methods have been instrumental in accomplishment of export growth. Therefore the research has been undertaken to study the changing scenario of India's exports.

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It is evident India's export are constantly growing except few years and that is known to all. Some believe that the exports are increasing because of better trade policy measures, effective governance and advent of GST. Yet people have different perception on the same, others perceive that GST and Demonetisation have proved to be a setback for the exports. Looking at reality the advent of GST and Demonetisation have affected the Exports in a short run period only while economic and trade policies have robust impact on the Indian Export. Thus an attempt has been made by researchers to study trade policies and growth trend of India's exports.

II. Objectives of the study

1. To understand the quantitative growth of India's exports since 2000.
2. To examine the trends in India's exports in terms of value, volume and composition.
3. To study various trade policy reforms introduced by the Indian government with a view to accelerate export in different era of trade policies.

III. Limitations of the Study

The study is based on secondary data which are collected from several websites. The secondary source of data collection may influence study. The major factors have been discussed, yet there might exist more issues which might not been detailed due to time constraints as well as unavailability of data in the stipulated time.

IV. Research Methodology

The study is mainly based on secondary sources of data. The data has been collected from sources like different issues of the Handbook of Indian Statistics, the Economic Survey, and the website of Ministry of Commerce, SEZ statistics, RBI, DGFT etc.

In this study, tabular and graphical representation tools are used for the analysis of data. For further clarification data is tabulated and percentage method is used for analysing the data.

V. Series of Reforms

EXIM Policy - 1997-2002

Export being the important element of foreign trade, Indian government has been announcing various policies to boost exports. After the liberalization the tenure of the policies was designed from 3 years to 5 years. The first 5 year EXIM policy was from 1992-97, the second policy from 1997-2002 and the third policy from 2002-2007 respectively. Foreign trade policy for the period 2004-09 incorporates the export import policy 2002-07. (*dgft.gov.in, foreign trade policy, Isept 2004-31st march 2009*)

2004 was a note breaking step to double the exports. It was marked by replacing the EXIM policy regulation act with Foreign Trade Policy Act 2004. The first Foreign Trade Policy was formed in 2004-09, with two major objectives of increasing the exports, as a promotion of GDP and greater stress was laid on labour intensive exports such as agriculture, handloom, handicrafts, spices and marine goods.

India's foreign trade policy from time to time almost meant to achieve certain objectives of increased exports. Let's have a look towards series of reforms initiated, that includes:

1. Many encouraging steps have been taken in the EXIM Policy 1997-2002, Agri Export Zones were (AEZ) was created which was a major thrust to agricultural exports with diversified agri-commodities.
2. Removal of Export Cess on all agricultural and plantation commodities
3. EPCG scheme to provide thrust to agricultural sector and to enhance efficiency and improvement to facilitate overall exports
4. The year 2000 marks setting up of SEZ-a comprehensive Special Economic Zones Act was passed by Parliament in May 2005
5. A National Export Insurance Account (NEIA) was approved by the government to ensure the availability of credit risk cover for projects and other high value exports.

Foreign trade Policy 2004-09

The policy 2004-09 emphasised on export diversification strategy diversifying export products and markets. The policy was drafted to achieve short term objective of arresting and reversing the declining trends of exports. In 2004, the Foreign Trade Policy laid down a stiff target of \$150 billion for merchandise exports by 2010.

With the realisation that exports are of vital importance for India's comprehensive development, integrated approach for promoting exports were implemented with coherence and consistency. 2004-09 policy was framed with a view to double percentage share of India's global trade within the time frame of 5 years. Few sectors were given special thrust during this five year frame. The sectors include:

- Agriculture and village industry
- Handlooms and Handicrafts
- Gems and Jewellery
- Leather and Leather products

Certain promotional measures were also introduced under this policy.

- ✓ Scheme for **Assistance to States for Infrastructure Development of Exports** (ASIDE) is formulated to encourage State Governments to participate in promoting exports.
- ✓ **Market Access Initiative (MAI)** scheme – This scheme intended to provide financial assistance for medium term export promotion efforts
- ✓ **Market Development Assistance - (MDA)** provides financial assistance for a range of export promotion activities
- ✓ **Towns of Excellence** - A number of towns have emerged as dynamic industrial clusters contributing handsomely to India's exports
- ✓ **Status Holders** - Merchant as well as Manufacturer Exporters, Service Providers, Export Oriented Units (EOUs) and Units located in Special Economic Zones (SEZs), Agri Export Zones (AEZs), Electronic Hardware Technology Parks (EHTPs), Software Technology Parks (STPs) and Bio-Technology Parks (BTPs) became eligible for status.

Foreign trade policy 2009-14

The government in this 2009-14 policy regime introduced Focus Market Scheme and Focus Product Scheme diversifying India's export portfolio. The government adopted mix policy measure such as:

- Fiscal incentives
- Institutional changes
- Procedural rationalization
- Enhanced market access across the world
- Diversification of export markets.

2009-14 policy was set up with the long term objective of doubling India's share in global trade by 2020. New emerging markets were given a special focus to enable competitive exports. Higher support was given for market and product diversification through expanded incentives to FPS and FMS. 26 new markets have been added under Focus Market Scheme. These include 16 new markets in Latin America and 10 in Asia-Oceania. The incentive available under Focus Market Scheme (FMS) has been raised from 2.5% to 3% and FPS increased 1.25% to 2% respectively.

Foreign trade policy 2015-20

As per the notification given by DGFT Government of India, few changes can be seen in the current foreign trade policy. Following are the highlights of Foreign Trade Policy 2015-20:

- As per the current notification, with the aim of recording merchandise exports with different kinds of duty scrips, the earlier policies named Focus Product Scheme (FPS), Market linked Focus Product Scheme, (MLFPS), Focus Market Scheme (FMS), Agri-Infrastructure incentive scrip, and Vishesh Krishi Gram Udyog Yojna (VKGUY) have been merged into a single scheme namely MEIS – Merchandise Export from India Scheme. The policy also initiated with special scheme for service exports named SEIS- Service Export from India Scheme for augmenting exports of notified services.
- Foreign trade policy 2015-20 provides a structured guideline to accelerate exports of goods and services, employment and increase value addition in the country with the initiation of Make in India program. Key thrust of the program is to accelerate exports through boosting manufacturing sector. Make in India is a major initiative that focuses on making India a global manufacturing hub.

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Comparison of trade policies and amendments

Foreign trade Policy	Objectives	Major Policies	New/Modified Provision
1997-2002	<ul style="list-style-type: none"> To accelerate the economy from low level of economic activities to high-level of economic activities Sustained growth To improve technological strength and create employment 	<ul style="list-style-type: none"> Export Promotion Capital Goods (EPCG) Scheme Advanced Licence Scheme Duty Entitlement Pass Book (DEPB) Scheme FDI liberalisation in EPZ and 100% EOU 	
2002-07	It was integrated in FTP 2004-2009		
2004-09	To double percentage share of global trade within 5 years and expand employment		<ul style="list-style-type: none"> Special Economic Zones Free Trade & Warehousing Zones (FTWZ) #Served from India Scheme (SFIS)
2009-14	<ul style="list-style-type: none"> To arrest the declining trends in exports To double India's exports and imports by 2014. To double India's share in global trade by 2020 	Duty free imports of capital goods under EPCG scheme	<ul style="list-style-type: none"> Focus Market Scheme (FMS) Focus Product Scheme (FPS)
2015-20	<ul style="list-style-type: none"> To arrest the declining trends in exports To increase exports of goods and services To make trade a major contributor of India's economic growth through Make in India 	<ul style="list-style-type: none"> Increasing exports to US \$ 900 billion by 2019-20. Augment manufacturing and services exports by improving 'Ease of Doing Business'. 	<ul style="list-style-type: none"> Merchandise Exports from India Scheme (MEIS) Service Exports from India Scheme (SEIS) Incentives (MEIS & SEIS) to be available for SEZs

VI. Data Analysis

- The table shows changing and increasing trend of India's export in different periods of trade policies with the set up of SEZ. Export performance from operational SEZ during the last 12 years:

Years	Exports		Growth over previous year (INR)
	(Value in Rs. Crores)	(Billion USD)	
2005-2006	22,840	5.08	-
2006-2007	34,615	7.69	52%
2007-2008	66,638	14.81	93%
2008-2009	99,689	21.71	50%
2009-2010	2,20,711	46.54	121.40%
2010-2011	3,15,868	69.3	43.11%
2011-2012	3,64,478	76.01	15.39%
2012-2013	4,76,159	87.45	31%
2013-2014	4,94,077	81.67	4%
2014-2015	4,63,770	75.84	-6.13%
2015-2016	4,67,337	71.38	0.77%
2016-2017	5,23,637	78.07	12.05%
2017-2018	2,66,773	41.44	13.39%
	(as on 30.09.2017)		

(<http://sezindia.nic.in-php>)

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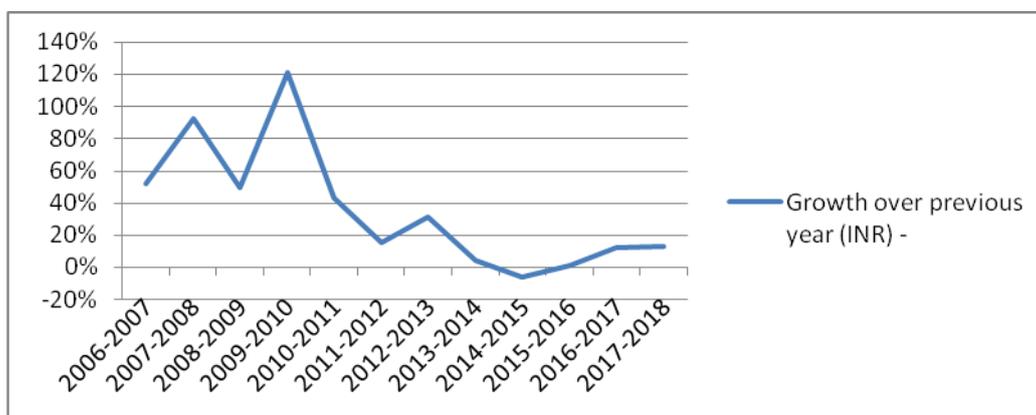
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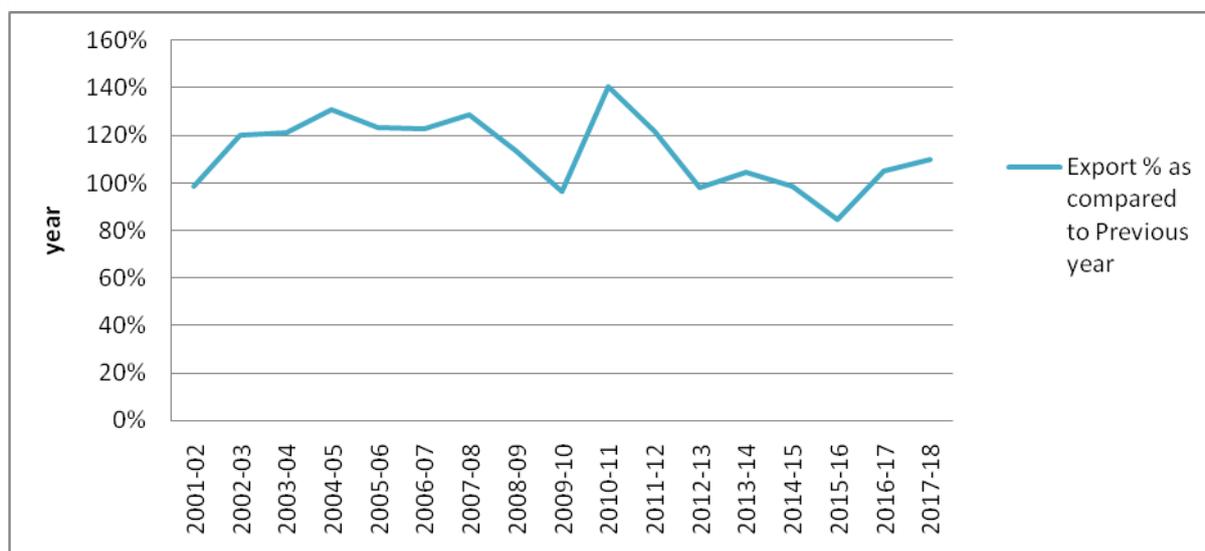
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2. The table below highlights India's changing scenario of export since 2000

Year	Exports			Fluctuation in export as compared to Base year (2000-01)*	Export % as compared to Previous year
	Oil	Non-oil	Total		
2000-01	1869.7	42690.6	44560.3	100%	-
2001-02	2119.1	41707.6	43826.7	-2%	98%
2002-03	2576.5	50142.9	52719.4	18%	120%
2003-04	3568.4	60274.1	63842.6	43%	121%
2004-05	6989.3	76546.6	83535.9	87%	131%
2005-06	11639.6	91450.9	103090.5	131%	123%
2006-07	18634.6	107779.5	126414.1	184%	123%
2007-08	28363.1	134541.1	162904.2	266%	129%
2008-09	27547	157748	185295	316%	114%
2009-10	28192	150559.5	178751.4	301%	96%
2010-11	41480	209656.2	251136.2	464%	140%
2011-12	56038.5	249925.3	305963.9	587%	122%
2012-13	60865.1	239535.5	300400.6	574%	98%
2013-14	63179.4	251236.4	314415.7	606%	105%
2014-15	56794.1	253557.9	310352	596%	99%
2015-16	30582.6	231708.4	262291.1	489%	85%
2016-17	31545.3	244307.2	275852.4	519%	105%
2017-18	37456.6	265919.6	303376.2	581%	110%

Note : * The Export of year 200-01 are taken as 100% and that is compared to every year taking the base year. { Data for 2016-17 are revised and for 2017-18 are provisional. (source:RBI statistical data) }



VII. Facts and Findings

Taking 2000-01 as the base year there is an overall increase of 581% in exports till 2017-18. Though it is a decent increase yet while studying there was some major upward and downward fluctuations in some years because of following reasons:

- From the Financial year 2004-05 to 2008-09, the exports increased as compared to the previous years. By 2009-10, the Government of India under SEZ Act have more 580 SEZ's which were formally approved and 374 SEZ's had been notified. Upto to year 2008-09 the exports reached 316% of the base year. Thus Creation of SEZ has led to promotion of merchandise and service exports. Along with SEZ there are other factors like free trade, warehousing loans etc. that are responsible for India's export growth since 2000.
- In the year 2009-10 exports were 96% of the previous year (dropped by 4%) because of global financial recession. When compared from base year (2000-01) the exports in 2009-10 were 301% while in 2008-09 it was 316%, constantly increasing. Thus the downfall in exports is evident, yet there has been a consistency in the growth of exports since 2000-01 to 2008-09.
- In the year 2010-11 and 2011-12 the exports increased by 140% and 122% respectively when compared to their respective previous years because of the effective implementation of foreign trade policy 2009-14 on account of Niryat Bandhu Scheme and duty free imports of capital goods under EPCG scheme . In Niryat Bandhu scheme training, counselling and information session through the network of DGFT was undertaken. The scheme was announced on 13 October 2011.
- In the year 2014-15 and 2015-16 the exports plunged down to 99% and 85% respectively when compared to their respective previous year. This was evident because of global slowdown in trade. This global slowdown was due market contraction and the root cause of this slow down can be traced back

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to global recession of 2008-09. The overall exports also dropped to 596% and 486% respectively where as in year the 2013-14 the exports were 606% to the base year.

- The exports have increased by 105% and 110% in year 2016-17 and 2017-18 when compared to previous year, this indicates increasing export trend with the effective implementation of Make in India initiative and good governance there by overcoming the effects of global slowdown.

VIII. Conclusion

Exports witnessed a sharp upward trend in the year 1999-2000 due to favourable terms of trade. A changing trend of India's export is seen in terms of value, volume and composition since 2000. India's exports have registered a remarkable growth and exhibited resilience and dynamism in the recent years with amendments and modification in foreign trade policies framed by Government of India. This growth has been an outcome of the concerted efforts of the government to facilitate trade with various reforms. Except for the years 2008-09 and the year 2015-16 that reveals decline in exports due to sluggish state of global demand, India's export trade has escalated along with impressive increase in GDP. Despite of many challenges, India's exports have gradually been picking up. The government should work upon building long term trade policies and incorporate short term trade policies.

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