

Leadership in India's Foreign Trade – Institute's Journal

India's integration with global trade has been increasing over the years. The increasing share of its foreign trade (Exports + Imports) to its GDP is an evident to this fact as shown in the table below.

Table

Year	Exports %	Imports %	Total Trade %	Year	Exports %	Imports %	Total Trade %
1970	3.61	4.49	8.10	1987	5.72	7.13	12.85
1971	3.72	4.64	8.36	1988	6.15	7.59	13.74
1972	4.14	4.36	8.49	1989	7.12	8.27	15.39
1973	4.03	4.70	8.73	1990	7.15	8.56	15.71
1974	4.75	6.13	10.89	1991	8.61	8.61	17.23
1975	5.95	7.00	12.95	1992	8.99	9.75	18.75
1976	6.73	6.79	13.52	1993	10.03	10.01	20.04
1977	6.40	6.55	12.94	1994	10.03	10.34	20.37
1978	6.19	7.77	13.96	1995	11.00	12.20	23.21
1979	6.54	8.94	15.48	1996	10.59	11.77	22.36
1980	6.28	9.46	15.74	1997	10.85	12.11	22.96
1981	6.08	8.78	14.87	1998	11.22	12.91	24.13
1982	6.14	8.36	14.50	1999	11.76	13.72	25.47
1983	5.99	8.05	14.04	2000	13.89	14.65	28.54
1984	6.45	7.94	14.39	2001	13.48	14.10	27.58
1985	5.38	7.83	13.20	2002	15.22	15.60	30.82
1986	5.32	7.19	12.50	2003	14.48	15.99	30.47
				2004	15.35	17.24	32.58

Source: World Development Indicators (WDI), available at dewdata.worldbank.org/datalonline.

This phenomenon coupled with the fact that Indian economy is sufficiently shielded against adverse externalities of world trade makes it a more laudable fact. This can be attributed to the robust domestic demand from the rising and burgeoning middle class population of India.

Leadership in India's Foreign Trade undoubtedly belongs to the engineering sector. A sample data through the year 1997 to 2001 clearly shows that the engineering sector has been leading in propelling Indian goods and technological capability to the international markets. The well thought policies of EEPC (Engineering Export Promotion Council) have been an important factor in boosting exports from this sector.

One of the promotional activities undertaken by EEPC is INDEE (Indian Engineering Exhibition). It showcases the technological achievements of this sector to foreign buyers. This exhibition is held in those countries where Indian engineering goods have a potential future market. EEPC also takes part in similar events organized by trade association of other countries. The following International exhibitions for 2010 have taken place or are in the pipeline for promoting goods from this sector.

a. INAPA	Indonesia	Mar 2010.	Autoparts & Components
b. Project Qatar	Qatar	Apr 2010	Energy Eff. And Recycling
c. Bauma	Germany	Apr 2010	Construction Products
d. Dubai Intl Fair	UAE	June 2010	“ How to source from India”
e. CHILLVENTA	Germany	Oct 2010	Cooling Towers

The following table presents the figures for exports from Pharma, Textiles, Gems and Jewellery and the Engineering sector. Across all measures the engineering sector clearly stands out as a leader in India's foreign trade.

S.No.	Year	Pharma Sector	Textile Sector	Gems and Jewellery	Engineering
1	1997-1998	522,065.34	2,010,561.92	1,693,954.55	2,093,335.02
2	1998-1999	574,861.84	2,198,574.88	1,913,084.91	1,981,028.21
3	1999-2000	563,696.41	2,649,262.96	2,504,945.02	2,257,954.04
4	2000-2001	755,363.08	3,001,242.71	3,286,196.89	3,266,701.82
5	2001-2002	943,035.28	357,333.88	4,434,757.65	3,403,163.19
6	2002-2003	987,788.21	403,481.55	4,459,922.21	4,641,506.76
7	2003-2004	1,261,367.03	428,460.44	5,069,572.39	6,022,000.56
8	2004-2005	1,534,929.75	540,985.22	6,504,450.89	9,094,533.85
9	2005-2006	1,060,330.16	4,669,587.68	6,486,409.63	10,774,149.56
10	2006-2007	1,856,059.74	5,964,847.00	7,020,872.72	14,662,564.30
11	2007-2008	2,409,697.77	6,316,090.06	7,278,416.16	17,702,238.14
	Total	12,469,194.61	28,540,428.30	50,652,583.02	75,899,175.45
	CAGR	14.92	10.97	14.17	21.42
	Simple Grwth rate	41.96	28.56	39.06	76.88
	Mean	1,133,563.15	2,594,584.39	4,604,780.27	6,899,925.04
	Median	987,788.21	2,198,574.88	4,459,922.21	4,641,506.76
	Mean/Ini Val	2.171	1.290	2.718	3.296

As the CAGR (Compounded Annual Growth rate) considers only the first and the last figure of the period under consideration it is possible that a relatively smaller value in the last year may overstate the growth rate. To overcome this I have calculated the “Mean / Initial value” as an alternative measure to involve all the elements of the data set for calculating the growth rate.

The Engineering sector is the unchallenged leader, whatever the method of measure employed

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