Economic Reforms, WTO and India’s Exports: An Analysis

An Abstract

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ABSTRACT

This study examined India's export performance during post-reforms and post-WTO period. The study is entirely based on the secondary data. The period covered under the study is of fifteen years (i.e. from 1991-92 to 2005-06). The attempt is to present a comprehensive picture of Indian export sector by putting the things in a most disaggregative manner. The present study would be an attempt in filling the gap in available literature. The relevance of the study is further enhanced taking into account changing domestic and global economic environment as well as increasing popularity of regional trading agreements particularly in Asian region, which opened the opportunities for country’s export sector to reap the benefits of comparative advantage, lower tariff and non-tariff barriers.

Over more than one and a half decade of reforms and a decade of WTO regime, India’s exports grew at an average of 11.56 per cent per annum (in US $ terms). In comparison to the growth of world exports (7.32 per cent), this growth of India’s exports was relatively much higher and India’s share in world exports grew continuously from 0.56 per cent in 1991 to 1.07 per cent in 2006. India’s exports registered low instability and high rate of growth during the post-reform as well as post-WTO period. Export instability was primarily due to the quantity variables in case of majority selected commodities. Relative prices of exports and income of the importing countries have great importance in determination of quantity demanded for India's exports of selected 29 commodities in selected 11 markets during the study period. The RCA and RSCA indices reveal comparative advantage in case of majority of selected commodities. Increasing world demand for exports followed by the competitiveness of Indian exports has played a significant role in India's outstanding export performance.

India's export performance especially competitiveness must be seen in larger context in an open economic environment as export performance has also accrued to external factors especially the exchange rate fluctuations. To ensuring of export competitiveness, on consistent and sustainable basis, is the matter of core concern, which ought to be tackled very seriously within domestic policy framework by proper interventions. Hence, articulation of the foreign policy on the directions recommended by the game theory, that a country must be more rational than its trade and finance partners while judging the effects of a particular policy or policies adopted, would give fruitful results, and would make possible the sustainability of exports and export competitiveness in the long run.