

CHAPTER ONE

INTRODUCTION

1.1 Introduction

International economics has played an important role in enhancing the growth rate and development prospects of developing economies after nineteenth century. Countries rely on one another for resources that they don't have. Thus, they trade with one another to get what they need. Foreign trade is necessary for following reasons, it allows countries to get new concepts from one another, it allows countries to obtain resources (financial & technical) that they need, and it reduces the risk of an economic collapse. Foreign trade allows countries to learn from each other and take new ideas. While one country might be focused on developing one type of product, another may be focusing on completely different subject. Together, they can share their ideas, benefiting both of the economies for both countries¹. Another core reason why international trade is needed between countries is because resources that country needs are not available everywhere. Many countries possess diverse strengths and weaknesses in terms of capital, technology, and skilled labour. By focusing on industries with comparative advantage, cost and operations efficiencies are reaped via specialization. For example, Iron and steel industry, has been established due to stored iron ore and coal. But for the establishment of this type industry, we have to imports capital & technical knowledge from foreign countries. Had there been no foreign trade, then it would not have been only difficult but also too expensive. It helps both the company producing the products as it lowers their cost, but also helps the people doing the labour, as it provides a place of large employment for them.

This has inspired both the developed and developing countries of the world to evolve a new social order with a view to improve the quality of life of the people after Second World War. It envisages the establishment of a new international economic order based on harmonious relations and mutual collaborations with peaceful means. This implies that underdevelopment of many parts in the world places considerable responsibility on relatively more developed countries. It becomes a part of social obligation of the developed countries to the world community to help developing countries to banish poverty from their soils. And in developing countries it is the national programming of the development process that is required as a basis of effective foreign investment & aid, a closer alliance and partnership and thorough

1. John Smith 'Applying Economics: Three Reasons Why International Trade is Necessary' www.Yahoo.Com Dec. 8, 2008.

reorientation of trade between countries for creating the fundamental premise within which an economically strong and stable economy could develop.

An understanding of the Indian economy before independence is necessary to know and appreciate the level of development achieved during the post independence period. The rule of the British-India Government led to the collapse of Indian economy without contributing, in any significant manner, to its replacement by a modern industrial base, outdated technology, low productivity, absence of capital formation, poverty, unemployment, and lack of adequate public health facilities etc. Just after independence the country faced the shortage of both physical and financial resources. As a consequence the Government of India entered into many bilateral and multilateral agreements with developed countries to import modern technology and know-how besides financial and physical resources for initiating development.

Japan has been actively involved in India's economic development since 1952. The relations between India and Japan began Centuries ago, The Japanese interest and connect with Buddhism around the 7th century. India found unflinching support from Japan and in due course of time the two countries became quite close. Now the economic relationship between India and Japan has become much closer. However, direct exchange, began only in the Meiji era (1868-1912), when Japan started its process of modernization. From then on bilateral relations developed around Japanese purchases of cotton. India's friendship with Japan after the war helped a great deal when Japan returned to international arena. Since 1952, Japan and India have maintained diplomatic relations and enjoyed cordial relations based on trade and economic and technical cooperation. Countries often engage in promoting bilateral relations. These relations could be political, economic or strategic. In view of this, the bilateral relationship between India and Japan is of immense significance as these two countries have emerged important powers in Asia. Cooperation between these two countries has led to tremendous growth in certain important areas. Indo-Japanese economic relations have been expanding both in quality and quantity since early nineties. This expansion has kept pace with the progress of economic liberalization in India. This has motivated both the countries to work together to contribute to peace, stability and prosperity of this region. India, with its remarkable economic development and active diplomacy, is drawing the attention of the world and Japan welcomes the rise of India. The reason for this is that both India and Japan share the same basic values, such as democracy, human rights, and market economy. Both the

countries have reaffirmed to continue to promote commonalities and identify areas of convergence of mutual interests and cooperation between them in a constructive manner. This would definitely contribute to the advancement of their overall bilateral relations.

India's first generation economic reforms started in 1991 and is now well on its path of integrating its economy with the global economy. The new economic policy has placed India on the road to market friendly and free economy. The Government of India has launched new economic policy to improve the socio-economic conditions of the people as well as attract multinational companies to invest in India. Therefore, in 1991, the Government of India removed License, Permit and Quotas (LPQs) regime and implemented Liberalization, Privatization and Globalization (LPG) to attract private and foreign investors. The new trade policy has ushered in sweeping changes in the existing trade scenario of the country. It embodies elements that are working to alter the very functioning of economy for good. The far reaching changes incorporated in the trade policy aim at strengthening the export profile of the country. It makes a radical departure from system of controlled trade by giving a strong market orientation to the trade in imports and exports. India now (1991) follows a five-year trade policy, though some fine-tuning of policies is made annually, depending on the evolving trading conditions and industry felt need, in regard to regulation and liberalization of import and promotion & liberalization of exports. The trade policies were modified from time to time.

1.2 Relevance and Justification of the study

Foreign trade has got an important place in the economic development of a country. International Trade is a very important sector of a country's national economy, and contributes substantially to the economic & social welfare of the people and the development of resources. Economies of scale and international specialization as also the fruits of scientific and technological progress in the world become more easily accessible through the international trade². In the context of planned economic development of developing nations like India, an appropriate foreign trade policy has

2. Agarwal, A.N. (1975), Indian Economy: Problems of Development and Planning, Vikas Publishing House Pvt. Ltd, New Delhi, p. 577.

become very necessary and significant. At present no country in the world is self-sufficient in the sense that it does not possess facilities for economical production of all the goods and services that are consumed by its people³. The basic problem of a developing country such as India happens to be domestic non-availability of certain crucial inputs like industrial raw materials, machinery and technology. This bottleneck can be removed through imports. Higher the rate of development greater is the demand for imports. Though in the short run imports can be financed through foreign aid, in the long run imports must be financed by additional exports. It helps the people to get different varieties of goods both in terms of quantities and qualitative terms. Developing countries like India need more goods to feed a rapidly growing population. Exports can be a leading sector in growth⁴.

This means that increased earnings from higher marketability of a country's commodities in the international market would stimulate the indigenous industrial activity in the country. This in turn brings many distinct benefits like greater utilization of resources, larger employment opportunities, more foreign exchange, etc. Scholars stated that trade would make the country as a whole better off⁵. It increases the scope of market because of domestic demand and foreign demand for the product. So there is mass production. If the production of goods increases, average cost decline and price of goods decline. International trade would make a positive contribution to a country's development. It is considered to be not simply a device for achieving productive efficiency; but it is also an 'engine of growth'⁶. Trade policy of a country refers to the set of policies which govern the external sector of its economy. In a developing country like India, trade policy is one of the many economic instruments which are used to suit the requirements of economic growth. It helps to produce those commodities which have a comparative cheaper cost than others. It results in less cost of production in producing a commodity. If all the countries adopt to produce the goods in which they have less comparative cost, it will lead to availability of goods at a lower price. Without foreign trade, it is not possible to fulfill the demand for

3. Morton & Tulloch (1978), Trade and Developing Countries, The Overseas Development Institute, London, P. 16-17.

4. Kindleberger, Charles P. (1976), International Economics, D. B. Taraporevala Sons & Co. Pvt. Ltd., Bombay, P. 20.

5. Bo Soder (1974), International Economics, Macmillan, London, p.1.

6. Meier, Gerald M. (1980), Development through Trade, Oxford University Press, London, p. 214.

petroleum products consequently retarding the economic development of our country. It is apparent from the above discussion that foreign trade is a predominant and vital factor in influencing the contemporary process of global economic development.

The study attempts to analyze the important dimensions of '**Indo-Japan trade**'. The study works out the trends, patterns, and main determinants of Indo-Japan trade and aid & investment inflows to India. The study also examines the role of trade (Japanese) on economic development in India for the period 1991-2011. The period under study is important for many reasons. First, India launched its market-oriented economic reforms in 1991 and is now well on its path of integrating its economy with the global economy. Secondly, the Government of India in 1991 finished License, Permit and Quotas (LPQs) and implemented Liberalization, Privatization and Globalization (LPG) to attract private and foreign investors. Thirdly, the experiences of South-East Asian countries by liberalizing their economies in 1980s became stars of economic growth and development in early 1990s. And the core reason to include Japan in present study is because Japan influences the economy of whole world. India, on the other hand, has always admired Japan's success as an Asian country, especially its technological prowess, even though Japan has seen itself belonging to a league beyond Asia. Now that Japan is reaching out to India, it faces no negative attitude. In recent years India-Japan relations have acquired political and economic substance. India's integration with the global economy, its high growth rates in recent years, its success in certain sectors of the knowledge economy, the remarkable improvement of its ties with the US, its nuclear deal with the USA and the exemption obtained from the nuclear supplies group, its desire to strengthen its Asian ties through its Look East Policy, its participation in the ASEAN regional forum, the East Asia summit etc have all created more convergence in India's and Japan interests.

In 2010-11, Japan-India bilateral trade reached Rs. 608415.0 million. The Share of Indo-Japan trade in India's total trade as around 2.24 percent and the share of the India-Japan bilateral trade has been around 1.0 percent of Japan's total foreign trade. Japanese companies have made an investment of US\$ 13116 million in India (1991 to 2012). In 2011-12, share of Japan in total FDI inflows of India stood at 8.46 percent and made Japan the 4th largest investor in India. Japanese heavy electrical machinery manufacture and trading houses are also eyeing demand stemming from India's efforts to improve its underdeveloped power infrastructure. Japan is the largest

bilateral donor to India. Japanese ODA supports India's efforts for accelerated economic development particularly in priority areas like power, transportation, environment projects and projects related to basic human needs. Japan and India are major players in Asia sharing strategic interests and upholding common values such as Democracy, human rights and a market economy. The present study therefore focuses on Indo-Japan trade relations. The study would act as a useful reference on all matters related to trade in goods, investment, aid and other areas of mutual cooperation with respect to India and Japan.

1.3 Objectives of the Study

- To study the impact of foreign trade on Indian economy in terms of export, import, FDI, foreign aid and collaboration of India.
- To study the strengths or opportunities of Indian economy with Japan since 1991.
- To study the performance of Indo-Japan trade and suggest effective measures and strategies for strengthening the trade with Japan for the development of Indian economy.

1.4 Data Sources

The study is based on secondary data. The material for the thesis has been collected from various books, reports and papers published in various issues of different journals and from various sectors. It has used documents and reports with government and private sources to collect information on indo-Japanese trade relations. Data sources used include the department of finance, government of India, ministry of foreign affairs of Japan and Japan international cooperation agency etc. The secondary data for analysis have been collected from the following sources:

- i.** Annual reports indo-Japan chamber of commerce.
- ii.** Annual reports, 'Ministry of Finance' India.
- iii.** Basic statistics relating to the Indian Economy.
- iv.** Annual reports of Trade statistics, 'Ministry of Finance' Japan

- v. Economic survey of India.
- vi. RBI reports on currency and finance.
- vii. Reserve bank of India bulletins.
- viii. Survey reports on foreign collaboration in Indian industries, Reserve Bank of India.

1.5 Time period

The tentative period of present study was 1991-92 to 2011-12, but in some cases, it has covered whole period from 1948-49 to 2011-12 especially to describe the India's trade. Study of India's trade is carried under two categories as of India's trade with some countries and India's trade with Japan and the period from 1901-1942 briefly study of India's trade with Japan.

1.6 Methodology

In view of the objectives of the study, data has been analysed using mathematical and statistical tools.

- Simple statistical tools like Ratio, percentage, Average, Variations, and Moving Average are used to study overall change in India's trade with some countries and India's trade with Japan during pre and post reform periods. Tables supporting figures are presented in the appendix.
- **ARIMA model (0, 1, 1)** and curve fitting have been used to study the trends of India's total trade and Indo-Japan trade during post reform period for time series forecasting. Results of analysis are presented in Chapter five.
- Many of the figures given in Chapter six, seven, eight and nine refer to data for 1991-2011 (20 years), data has been analysed using Ratio, Percentage, Average and Variations tools.

1.7 Scheme of the study

The study consists of ten chapters. The **first chapter** provides an introduction to this study. It includes the Relevance and Justification of the study, objectives of the study, data source & time period, methodology, scheme of the study, delimitation & limitation. It also includes a review of literature.

The **second chapter** titled as ‘The Theoretical Discussion of International Economic Relations’, deals with transactions between countries in the fields of goods and services, financial flows, technology transfer and factor movements. It also studies government policies affecting trade, monetary arrangements, International negotiations, regional Institutions and International financial Institutions.

The **third chapter** analyses foreign trade policy of India in two phases - pre 1991 and post 1991. This chapter also examines the technology policy, foreign direct investment policy and industrial policy of India.

The **fourth chapter** titled as ‘The Policy Framework of Indo-Japan Economic Relations’, deals with main features of Japanese nation, Japanese economic activities, and foreign trade policy of Japan - an overview, patent system - an overview, World Intellectual Property Organization (WIPO). It further concentrates on the discussion of important alliance between India and Japan.

The **fifth chapter** probes Indo-Japan trade in broad perspective and the terms of trade position in the trade between two countries. In this chapter trends of India’s trade with some countries (Australia Canada, Germany, Japan, UK, USA, and USSR) for different periods are also analysed through figures; simple statistical tools like Ratio, Percentage, Average, Variations, and Moving Average are used to study overall change in India’s trade with some countries and India’s trade with Japan during pre and post reform periods. **ARIMA model (0, 1, 1)** is used to study the trends of India's total trade and Indo–Japan trade during post reform period.

The **sixth chapter** dwells upon the structure of India’s imports from Japan. This chapter highlights the major items of India’s imports from Japan during the period 1991-2011. The study has been divided into four 5- years phases in sync (synchronization) with plan period and new foreign trade policy. It also analysed through figures and simple statistical tools.

The **seventh chapter** presents India’s exports to Japan from 1991 to 2011, and discussion of major items of India’s exports to Japan (like agriculture & agriculture allied products, manufacture goods, non metallic mineral ware, Diamonds, Iron ore, and marine products). Simple tools of analysis are applied in this chapter also.

The **eighth chapter** discusses the role of Japanese Aid in India’s economic development programmes and underlines the importance & necessity of Japanese aid to India in her attempt to overcome problems like infrastructural bottle-necks,

poverty, & health etc. The relative place of Japan in this regard vis-à-vis Germany, UK, USA, IDA, ADB, IBRD and Japan has been described. A comparative study of the terms of aid of Japan and some other countries and Institution is highlighted. Simple statistical tools of analysis are used to get an insight.

The **ninth chapter** critically examines the impact of technical and financial collaboration and private investment from Japan on India's industrial development. Role of Japanese FDI is particularly analyzed in this chapter. This chapter also highlights the relationship between India and Japan with financial collaboration and technical collaboration, during the period 1991 to 2012. Simple statistical tools like Ratio, Percentage, Average, Variations, & figures are used to study overall change in FDI inflows and foreign collaboration into India.

Finally, in the last chapter provides the summary, findings, conclusion and it outlines the scope for further development of Economic relations with Japan. Besides all this appendix and bibliography has been added at the end for reference. Tables supporting figures are presented in the appendix.

1.8 Delimitation

- India's trade relations pre & post reform period.
- The study of Indo-Japan trade relation.

1.9 Limitation

This thesis study is descriptive and conceptual in nature; however the descriptive part is supported by only secondary data with specific reference to relations between Indo-Japan. Information regarding imports and exports are available in Japanese yen in financial years. In order to bring uniformity, the data in Japanese yen were converted into rupee on the basis of exchange rate available from RBI sources.

1.10 REVIEW OF LITERATURE

A literature survey on Indo-Japan trade relations reveals that very little and fragmented work has been done on the subject. This section deals with a brief review of the literature relating to India's trade with Japan and helps to identify some issue for consideration in this study. Such a review needs to be preceded by an appraisal of studies on India's trade in general, since India's trade relations with Japan are placed in the context of India's overall trade performance.

In the present chapter, an attempt has been made to review several research articles; Ph. D dissertations and books related to different issues of Indo-Japan trade. Present study is divided into two categories. Namely-

- A. Studies on foreign trade of India with countries other than Japan.
- B. Studies on India's trade with Japan.

1.10.1 Studies on foreign trade of India with countries other than Japan:

This part covers various reviews relating to India's trade with countries other than Japan.

S. J. Patel⁷ made a significant role to analyze the long term trends in India's foreign trade. He inspect a closely look in the stagnancy of India's exports over years, and specified it in terms of stagnancy and diminishing world demand for India exports. **Tondon**⁸ inspect the contribution that West Germany's aid to, investment in and trade with India made to India's economic development during 1951-74. He observed that India's term of trade as a whole and with West Germany, during the period 1951-69, remained favourable in 12 years and 10 years respectively.

There are many scholars in the found out the payment arrangements under trade for its imports from East European countries were in non-convertible rupees the names are as follows, **Surender Dave**⁹, **Sunanda Sen**¹⁰, **Sumitra Chisti**¹¹ and **Asha Datar**¹².

7. Patel, S. J. [1959], "Export prospects and economic growth in India" The economic journal September.

8. Tandon, J. K., [1978], "Indo-German Economic Relations", New Delhi, National Publishing House.

9. Sunder Dave [1961], "India's trade Relations with East European Countries" the Indian Economic Journal, July.

10. Sunanda Sen [1965], India's bilateral payments and trade Agreements, Book land, Calcutta.

11. Sumitra Chisti [1966], India's trade with East Europe, Indian Institute of foreign trade [IIFT] New Delhi.

12. Datar Asha, [1968], "Development of India's trade with the Soviet Union and Eastern Europe" Bulletin of the Oxford University Institute of Economic and statistics, Val 30 No 1.

Saeed and Setia¹³ examine the pattern and trends of India's trade with three East African countries-Kenya, Tanzania and Uganda, suggested that India diversified its exports to augment its export earnings.

Lajapathi Rai¹⁴ covering "**Indo-Soviet trade Relations**" has examined trends in India's foreign trade with a brief history of Indo-Soviet relation, role of institutions and organizations in the promotion of Indo-Soviet trade and Indo-Soviet trade in perspective. He made a critical appraisal in all these areas.

Mercy Henery¹⁵, Incorporating 71 percent of India's exports to and 60 percent of India's imports from the USA and calculating India's terms of trade during the period. 1968-81. M. Henery, noted that there were six years, and three years favourable in the overall and the Indo-US trade respectively.

A study conducted by the Indian Institute of foreign trade¹⁶, it shows that the terms of trade were usually in favour of India because export and import prices were quoted at international rates. **Ranjit Singh**¹⁷ noted that the gains from the mutual trade, geographical proximity and the complementarities testified to the trade possibilities between India and Pakistan. He analyzed that exports to Pakistan were more diversified than Pakistan's to India.

Dharam Narain¹⁸ states that the prices which paid by some socialist countries including the USSR were 5 to 10 percent higher than the internationally traded commodities of India.

NeelaKant¹⁹ enforces that the Article VI of the treaty of 1971 attaches great importance to economic and technical cooperation and envisages broader cooperation in the fields of trade, transport and communications and gives a great boost to the growth of economic relations between India and Soviet Union.

13. Saeed, M and Setia, [1986], India and East Africa: Trade ties Delhi, Triveni Publications.

14. Lajapathi Rai , H. [1985], "Indo – Soviet trade relations" Ph.D. Thesis submitted to Nagarjuna University, Guntur , [Andhra Pradesh]

15. Henry, mercy, [1984], The trends in trade between India and the USA, (Ph. D. dissertation) (Maduri) Maduri Kamaraj University.

16. Indian Institute of Foreign trade, [1966], Trade ties with East Europe, New Delhi.

17. Ghunan, Ranjit Singh, [1986], Indo–Pakistan trade relations, (New Delhi, Deep and Deep Publications)

18. Dharam Narian, [1967], Aid through trade, UNCTAD secretariat, Geneva.

19. Neel Kant, [1972], Partners in peace - A study on Indo–Soviet Relations, Vikas publication, New Delhi.

RBI²⁰ study disclosed that the growth in India's trade with the Soviet bloc has been a natural one and not at the expense of trade with convertible currency.

Vijaya Katti²¹ indicated that Nepal was able to expand its trade with the newly developed countries during 1966-76; despite its geographical proximity to India. Katti analyzed that the degree of geographic concentration of Nepal was considerable higher for the imports than for the exports.

Subhash Narula²² observed the growth of India's exports to the Arabian Gulf region during the period 1966-86 in term of its pace, nature and composition. He enforces the need to improve and diversity exports to the Gulf countries. In his view, a faster commodity diversification of exports would reduce the instability. He recommended a proper market analysis for various export products.

Ragnekar²³ disclose that the decreasing in the share of traditional exports in the country is due to the absorption of an increasing proportion of output in the domestic economy, and the country seems to have lost its comparative advantage.

M. J. Mathew²⁴ analyzed the shares of India and the African countries in their trade with each other during the 1970s referred to the changing composition of trade with the growth in trade.

E. N. Komarv²⁵ analyzed that for more than 20 years Indian firms have business relations with the Russian trade organizations and the cooperation of the Soviet Union and India has very favorable prospects for development. This is guaranteed by the common position shared by both the countries in regards to vital international issues, their mutual interest in strengthening and expanding Soviet economic ties with India which has become traditional.

20. Reserve Bank of India, [1974], "India's trade with East European Countries, trends and problem", RBI bulletin March.

21. Katti Vijaya, [1983], commodity and geographic concentration in Indo Nepal Trade, foreign trade review, XVIII (3).

22. Narula Subhash, [1988], "India's GWF Exports" features, trends and Prospects, (Delhi-Anupama Publications).

23. Ragnekar S.B. [1975], "Is the Indian Export structure changing" In J. C. Sandesara (ed), problems of Indian Economic Development, Bombay University, Bombay.

24. Mathew. M. J. [1983], Indo-African trade [1970-1982]-An Analysis foreign trade review, XVIII (3).

25. Komarv, E.N. [1975], Historical Roots and contemporary Development of soviet -Indian cooperation. Soviet review, vol .XII, March 27.

Mukherjee and Mukherjee²⁶ presented an inclusive treatment of India's trade with different regions, trading blocs and currency areas using simple statistical tools such as ratio, percentage and trend analysis. According to them the basket of the traded goods, the economics size of the trading nations, the relative prices of the commodities concerned and the trade policy decided the direction of India's trade.

Chakravarthy²⁷ states that SAARC is intended to contribution south-south cooperation for collective self-reliance in the region of South Asia.

K. R. K. Singh²⁸ says that with similar commodity composition, there was not much of intra-trade between India and South East Asian countries. He advocated the creation of a regional common market for integrating the various economies.

ASSOCHAM²⁹ study entitled **India and SAARC** states that the Government of India and the Indian business community should play a major role in the economic unification of the SAARC region by stimulating trade and investment flows among member countries. India's trade with the SAARC members, the study points out, is not only negligible but also decreasing. India's investments in the neighboring countries are below the potential existing in the SAARC region. The study has identified certain constraints that limit the scope of economic cooperation among the SAARC countries. The study recommendation gradual creation of a SAARC preferential free trade zone, arriving at suitable arrangements like risk insurance, market sharing, regional investment funds etc, to reduce the risk associated with trade and investment, developing proper institutional and credit facilities to support pricing and marketing strategies, creating a SAARC data bank on the production pattern of the region and identification of tradable products of the region.

B. Satyanarayan³⁰ sought to asses India's export potentialities, especially with reference to Asia and far East. He also recommended the establishment of the Asian

26. Mukherjee, Neela and Mukherjee, Amitabha, [1988], India's foreign trade by regions : 1950-1986 (New Delhi : Indus publishing company)

27. Chakarvathy, Sumit, [1987], "SAARC advance along chartered course" Indian's foreign review, vol .31 No. 8

28. Singh, K.R. K., [1976], India's trade with South - East Asia: A study (Allahabad: chugh Publications).

29. ASSOCHAM study [1989], "Economic Unification of SAARC region: India should play a major Role" foreign trade Bulletin, Vol XIX, No-7.

30. Satyanarayan, B. [1976], India's trade with Asia and the Far East Countries: with special reference to trade policy since 1951 for a long term strategy of development New Delhi: B. R. publishing corporation.

common market with the object of meeting the varied needs in capital and consumer goods industries in the ESCAP region.

M. Sebastian³¹ dwelt at length on the Indo-USSR trade. He pointed out that in the Soviet view; trade was in the form of aid. Calculating unit values for the various commodities involved in the Indo-USSR trade, M. Sebastian say that in general India did not buy 'dear' from the USSR since unit values of the imports from the USSR were generally lower than those from other competing sources. Barring a few commodities India's exports to the USSR fetched higher unit values. Sebastian analyzed that India's exports to the USSR were largely net additions to India's total exports, though he referred to some diversion from other markets during 1958-69.

Kelkar and Sharma³² states that India's decreasing share in the world market could be due to the declining share of exports in domestic production.

Asha L Datar³³ showed that the USSR paid higher unit values than the UK and the USA for all the years during 1958-66. However, she analyzed that the exports to the USSR were qualitatively superior to those exported to other markets, especially block pepper, raw wool and raw skins and hides.

Santosh Pal and Bharali³⁴ expressed that harmonious relations between India and Bhutan are indicative of the healthy economic relations to be developed over the years, bringing in its wake mutual benefit to both the countries.

Besides attempting to observed Soviet cooperation and assistance to India, **R.S. Singh**³⁵ reviewed the features of Indo-Soviet trade since 1953. He referred to India's gains in its economic relationships with the USSR, because all the trade transactions were made in non-convertible Indian rupees.

31. Sebastian, M, [1975], Soviet Economic Aid to India : An Analysis and Evaluation , (New Delhi, N.V. Publications)

32. KepKer, V. I. and O. P. Sharma [1976], "Trends and Determinants of India's Export performance: 1961-74", foreign trade review, vol. No. 3 October-December.

33. Datar, Asha L. [1972], India's economic relations with the USSR and Eastern Europe: 1953-1969, London: Cambridge University press.

34. Santosh Pal, V and D Bharali, [1986], "Indo - Bhutanese Economic relations – A Healthy trend," commerce vol. 152 NO. 3916, Aug 9.

35. Singh, Rama Shankar [1989], Indo-Soviet cooperation and India's economic development (New Delhi Deep and Deep publications).

P.C. Roy³⁶ examined the growth and the composition of the commodities in the Indo-US trade and the export stability criteria. Roy calculated India's gains from its trade with the USA. Although the net barter terms of trade were unfavourable during 1970-76, the income terms of trade were generally favourable, showing a larger capacity of India's exports to import from the USA. Using COPPOCK's instability index, Roy concluded that India's trading with the USA stabilized India's total export receipts. In five out of eight major commodities, the instability index for the world was lower than that for rest of the world. Again, on the whole, the instability in the export earning from the USA during 1970-77 increased as compared to that during 1961-70.

Vijaya Katti³⁷ points out that for India to become an important player in world trade, an all encompassing and comprehensive view needs to be taken for the overall development of the country's foreign trade. The EXIM policy was renamed as new foreign trade policy. The foreign policy was built around two major objectives. These are to double our percentage share of global merchandise trade within the next five years, and to act as an effective instrument of economic growth by giving a thrust to employment generation. She states that the new trade policy was of immense use to India's foreign trade.

The seminar of the IIFT³⁸ analyzed of the total trade that India had with the socialist countries especially with the USSR over the last two decades. The seminar emphasized that Indian exporters interested in promoting stable markets for their products in the East European countries including the USSR. The ultimate marketing success will depend on how best Indian exporting community can make effective use of marketing facilities provided to foreign exporters in the socialist countries of East European.

K.K.Modi³⁹ mentioned that bilateral trade between India and Pakistan should be liberalized in a manner that it does not jeopardize the interests of either country, and that both could import from and export to each other as many commodities as possible, and thus reduce dependence on developed countries.

36. Roy, Prakash Chandra, [1986], Indo-US Economic Relations: trade economic Assistance, private investment: Problems and future possibilities, (New Delhi Deep and Deep publication).

37. Vijaya Katti, [2005], foreign trade policy-An Appraisal, Yojana, vol. 49 May PP. 43- 46.

38. Indian Institute of foreign trade [1977], National seminar on Economic Cooperation with East Europe, New Delhi.

39. Modi K.K., [1984], "Economic cooperation with Pakistan" commerce, vol. 148, NO. 3809, June.

Neena Mathatra⁴⁰ says that the ratio of exports to imports, has improved over time, and the fear that liberalization will adversely affect agriculture, doesn't seem to be valid. Rather immense export opportunities are opened by export market and our farmers are also taking advantage of these opportunities. The structure of imports shows that major categories of import are of edible oils, fertilizers, and fertilizer manufacture. There is need for change in the cropping pattern and domestic oil seeds production should be promoted in a big way to reduce import dependence. Government should provide appropriate facilities in the form of transportation and storage infrastructure, better varieties of seeds, packaging and branding, and also quality testing centers for matching our products with international quality standards. Thus domestic marketing reforms must be there with liberalization of external trade of agriculture commodities.

V. C. S. Rao⁴¹ study focussed on India's trade relations with the OPEC. He observed the trends in OPEC'S external trade, and studied India's trade relations with OPEC as a whole, and with selected significant countries. He has also observed the structural changes that have taken place in the commodity composition of India's exports to and imports from OPEC.

1.10.2 Studies on India's trade with Japan:

Vinod Apte⁴² suggested the creation of an investment and production atmosphere for the Japanese companies to shift the production bases to India with buy-back arrangements with the view to increasingly diversifying India's exports to Japan and thus reducing the trade deficits.

Abraham Joseph⁴³ states that a high concentration of non-manufactured goods in India's export to Japan led to instability in the export earnings in the short run and to the decreasing rate to return in the long run. He favoured diversification in the exports by eliminating all that hindered the production efficiency in the export Industries.

40. Neena Mathatra, [2008], "Growth, structure and instability of Agriculture Export and impacts of India" Anvesak Vol. 38 NO. 1, January –Jun.

41. Chandra sekhara Rao,V. [1988], "INDO—OPEC trade relations" OPEC Review.

42. Apte, Vinod, [1987], "Indo–Japanese cooperation: How stable is it", Commerce, CLV (3981).

43. Joseph, Abraham, [1988], India trade with Japan: constraints and opportunities: A Study in trade and investment, Delhi: Gian publishing House.

P.R.Bhatt⁴⁴ says that the low degree of aggregate horizontal trade between India and Japan indicated the importance of Intra-Industry Trade with Japan.

Khandelval⁴⁵ and **Parkesh**⁴⁶ referred to the qualitative improvements in India's exports for a successful penetration in to the Japanese market. Besides, pleading for a full knowledge of the Generalized System of Preferences Quota (GSP quota) and ceilings pertaining to various types of agricultural and industrial products designed for exports to Japan.

A fruitful market survey in Japan for effective promotion of India's trade with Japan was suggested by **T. N. Jaitle**⁴⁷

A. K. Gupta⁴⁸ outlined the growing complementary of interests that dictated the pace of bilateral ties between India and Japan, during 1951-84. Besides, suggesting a change in the commodity composition of India's exports to Japan. Gupta recommended measures for improving trade ties.

R. G. Agarwal⁴⁹ emphasized joint collaboration for improving the bilateral relationship between India and Japan.

B. M. Agarwal⁵⁰ favoured diversification of India's exports to Japan. He analyzed that during 1961- 65, the overall imports from Japan were cheaper than those received from other developed countries barring the USSR. Japan Purchased goods from India at marginally cheaper rates than the USSR.

Rajaram panda⁵¹ examining the problems and the prospects of the Indo-Japanese economic cooperation in trade stressed the need for an adequate and imaginative export climate for India.

44. Bhatt, P.R. [1987], India's trade relations with Japan: A Quantitative Analysis, Margin XIX (4).

45. Khandelval, Shiv Kumar [1980], Indo-Japanese economic Relationship since 1966 (Ph. D. Dissertation). Meerut: Meerut University.

46. Parkesh, Allam, [1971], Indo –Japanese trade relations, commerce, CxxIII (3161).

47. Jaitle, T.N. [1983], Possibilities of trade cooperation between India and Japan in the fields of small and medium industries , foreign trade review, XVIII (3).

48. Gurta, Ashok Kumar, [1985], Indo-Japanese trade and economic elations (M. Phil dissertation), Delhi: Department of commerce, Delhi School of Economic Delhi University.

49. Agarwal Ram Gopal [1982], India and Japan partners in new prosperity, in Viswanathan, Savithri (ed), Japan the new challenges (New-Delhi: Allied Publisher private Ltd).

50. Agarwal, B.M. [1974], Indo–Japanese trade relations – A Diagnosis, Jaipur, Aalekh Publishers.

51. Panda Rajaram [1982], Indo-Japanese economic cooperation: problems and prospects India Quarterly, XXXVIII (2).

Nigam and Kumar⁵² explained the need for a diversified export – package to Japan. **A. G. Leonard**⁵³ expected would enable India to strengthened and promote beneficial trade with Japan. Because India's trade with Japan was growing at a rate lower than that with the rest of the world during 1966-85. The fact that India's exports to Japan lagged behind India's Imports from Japan is more recent years, necessitated introducing measures for export promotion and Import restriction.

Arnab Roy⁵⁴ examined the growth of the Industrial development in the Indo -Japan and Indian policy makers would do well to learn from the dedicated nationalistic approach, constant, monitoring and attention to detail of their erstwhile Japanese counterparts.

Indranil Ghosh⁵⁵ states that the FDI is the engine of growth for the development of developing countries like India. The amount of Japanese FDI to India was never been substantial, but insufficient conditions, maintenance of infrastructures, restrictive labors practices, complicated practices and troublesome and complicates administrative procedures are the Important reasons for minimum amount of Japanese FDI to India. But the scenario started changing since 1991.

S.A.Khan⁵⁶ analyzed that Indo-Japan economic relations have transformed from a 'resources driven' trade ties to a strategic partnership. Comprehensive Economic Partnership Agreement signed in 2011, has given a new dimension to the relationship. CEPA has pushed trade flows between two countries have seen a 38% jump as compared to 2010. He enforces the need to improve and diversify trade from Japan.

Aprita Mathur⁵⁷ say that the low volume of Japanese foreign direct Investment in India and despite the potential of Indian market. Japanese investors have been

52. Nigam, R.S. and Kumar muneesh, [1979], India's Exports to Japan –A study in commodity composition. Foreign trade review, XIV (1).

53. Leonard, A. G., [1993], India's trade relations with Japan: An economic Analysis, [Indus Publishing company FS-5, Tagore Garden New Delhi].

54. Arnab Roy, [2005], Industrial development measures: what India can earn from Japan. CSIRD discussion paper -121, (www.csird.org.in).

55. Indranil Ghosh, [2007], Responding to Globalisation: Japanese Investment in India, CSIRD Discussion paper-20.

56. S. A. KHAN, [2013], India-Japan politico – Economic Engagement: Between the Enterepreneurial interests and strategic objectives, Institute Of developing economies, Japan external trade organization NO. 482, May 2013.

57. Arpita Mathur, [2010], "Japanese Foreign Direct Investment in India" A weak link in ties, S. Rajratnam School of International studies, issue No.1 (19 March 2010).

uncomfortable in investing in India because of the overall business milieu. Although progress has been made, it has been slow and does not seem to complement of kind of “strategic and global partnership” both countries have envisaged. Mathur suggested the creation of an investment atmosphere for the Japanese investment in India.

Kondo masanori⁵⁸ study focused on Japan –India trade and investment relations. He observed the trends in Japan’s external trade. Attention is given to characteristics of Japanese investment in India, including SMES and diversification of investment regions.

Bansal Krishna and Bansal⁵⁹ expressed that very limited interactions between India and Japan as for as banking industry is concerned. The balance sheet size of Japanese banks in India is still very small as compared to other foreign banks in India. They are also recommended that both countries give favourable consideration to the financial guarantee of the state run bank such as EXIM banks for business activities between the two countries, endeavor not to apply any restrictions for transfer of earnings, and work towards meaningful commitments for commercial presence in financial services.

K. V. Kesavan⁶⁰ study shows that Indo–Japanese ties have witnessed a paradigm shift since 2000. He observed the trends in Japan’s external trade and studied India’s trade relations with Japan. Finally in order to make Indo-Japanese ties truly multi –faceted it is equally essential to factor their rich cultural links in to bilateral partnership.

Bhushan Verma⁶¹ studies, which have included both Japan and India, even under umbrella of “South Asia”, have devoted attention to religious and cultural comparisons.

Sachdeva⁶² analysis reveals that India’s trade intensity with Japan was high till 1996 but started declining thereafter. Trade intensity with Japan is half of what it is with

58. Kondo Masanori, [2012], Japan –India Economic relationship: Trends and prospects, (the Research Institute of economy, trade and Industry) Policy discussion paper series -12, Aug. 2012 [RIETT].

59. Puneet Bansal, V. Krishna Vallaturu and Verticks Bansal, [2010], Exploring cooperative strategies between India and Japan, A view on Banking Industry, International Journal of Global business and competitive, Vol.5, No.2.

60. K. V. Kesavan [2010], India and Japan changing Dimensions of partnership in the post cold war period. (observer research foundation occasional Paper No.14, May 2010

61. Bushan Verma [2004], “Indo-Japanese Relations” challenges and opportunities, (Kanishka, New Delhi).

62. Sachdeva , J.K. [2010], “Indo-Japan trade potentials in the context of Bilateral Relations” Asian conference of social science ,Osaka , Japan during 18 -21-June 2010.

world. It has further been observed that export and import were affected much before 1998, it is not worth saying that trade declined due to tests.

Rajamohan, Rahut and Jacob⁶³ studies focussed on “changing paradigm of Indo–Japan Relations”, Rajamohan inspect the contribution that Japan aid, investment, technology transfer and trade with India, made to India’s economic development. He analyzed that India’s term of trade as a whole and with Japan, during the period 1989-2006. 1989-1997, Japan moved between the 2nd and 3rd positions; in terms of India’s export destination but it fell to the 6th position in 1998, and 10th in 2005 before rising again to the 8th position in 2006.

Geethanjali Nataraj⁶⁴ this brief analysis of Indo -Japanese trade and investment. Japanese investment in India has undulated risen. She analyzed that Japan had been one of the top five investors in India for long; its share in India’s total FDI inflows has been dwindling since 2000.

63. P. G. Rajamohan, Dil Bahadur Rahut and Jobin T. Jacob, [2008], “Changing paradigm of Indo-Japan Relations: Opportunities and challenges”, Indian council for research on International economic relations working paper No. 212-2008.

64. Geethanjali Nataraj, [2010], “Indo-Japan Investment Relations trends & prospects”, Indian council for research on International economic Relations, working, paper no. 245, January 2010”.