

CHAPTER SIX

THE STRUCTURE OF

INDIA'S

IMPORTS FROM

JAPAN

6.1 INTRODUCTION

Imports play an important role in foreign trade of developing country because import provides the required technique and capital goods which the economy is incapable of producing itself. This chapter highlights the major items of India's imports from Japan during the period 1991-2011. Japan has been an important source of our imports of many goods, intermediate products, and spares. Japan's foreign trade has recorded rapid strides since early nineties. She had emerged as the fourth largest supplier in 1991, in the world trade of India. The qualities of her goods carry a high reputation in our business and industrial sectors. The share of India's imports from Japan was around 7.1 percent during 1991-92. It fell sharply to 4.2 percent in 2001-02 and 2.5 percent in 2011-12. The study has been divided into four 5-yearly phase's in sync (synchronization) with plan periods and new foreign trade policy.

- [i] First phase (1991-92 - 1995-96)
- [ii] Second phase (1996-97 - 2000-01)
- [iii] Third phase (2001-02 - 2005-06)
- [iv] Fourth phase (2006-07 - 2010-11)

6.2 INDIA IMPORTS FROM JAPAN (1991-2011)

The items of imports during 1991-2011 were crude materials, crude rubber, synthetic rubber, mineral fuels, chemicals, organic chemicals, plastic materials, manufactured goods, petroleum & their products, rubber manufactured, Iron & steel products, nonferrous metals, manufactures of metals, machinery transport Equipment and power generating machine. Out of these items, chemicals, manufactured goods, Iron & steel products and power generating machine accounted for over 62 percent of import from Japan in the first phase period (1991-96). By 2011, Iron & steel products, chemicals, machinery transport Equipment and power generating machine accounted for 58.36 percent of imports from Japan¹³⁵.

135. Yearly report of Trade statistics of Japan, Published by 'Ministry of Finance' Japan.

6.2.1 Crude Material

The average value of imports of crude materials was Rs. 1806.50 million in the first phase. It increased by 1.5 times to Rs. 2814.85 million in the second phase. But it declined by 17.94 percent to Rs. 2309.30 million in the third phase. It shot up by 77.3 percent to Rs 4094.45 million in the fourth phase (2006-2011). The imports of this group rose by 1.77 times to Rs. 4094.45 million by the end of fourth phase. The share of this group in total imports was 4.15 percent in the first phase (1991-96). It declined to 3.84 percent in the second phase (1996-2001), 2.66 percent in third phase (2001-06) and 2.34 percent in the fourth phase (2006-11) [Table 6-1, 6-2].

6.2.2 Crude Rubber

The average value of imports of crude rubber was Rs.1009.21 million in the first phase (1991-96). It shot up by 1.2 times to Rs.1310.60 million in the second phase (1996-01). But it declined by 18.12 percent in the third phase (2001-06). It increased by 128.66 percent to Rs. 2453.60 million in the fourth phase (2006-11). Its share in imports was 2.31 percent in the first phase. It declined to 1.79 percent in the second phase, 1.23 percent in the third phase and it increase to 1.4 percent in the fourth phase [Table6-1&2].

6.2.3 Synthetic Rubber

The average value of imports of synthetic rubber was Rs. 988.14 million in the first phase (1991-96). It increased by 30.81 percent to Rs. 1292.62 million in the second phase (1996-2001). It declined by 17.20 percent in the third phase (2001-06), 127.68 percent to Rs. 2436.80 million in the fourth phase (2006-11). The imports of this group rose by 2.5 times to Rs. 2436.80 million by end of fourth phase. Its share in total imports was 2.27 percent in the first phase. It declined to 1.76 percent in the second phase and moved around this figure in coming years [Table 6-1, 6-2].

6.2.4 Mineral Fuels

The average value of imports of mineral fuels was Rs. 782.80 million in the first phase (1991-96). It has increased substantial by 73.59 percent to Rs. 1358.91 million in the second phase (1996-2001), 94.87 percent to Rs. 2648.20 million in the third phase (2001-

06) and 324.25 percent to Rs. 11237.8 million in the fourth phase (2006-11). The imports of this group rose by 14.3 times to Rs. 11237.80 million by the end of fourth phase. The share of this group in total imports shot up from 1.79 percent in the first phase to 1.85 percent in the second phase and 3.05 percent in the third phase and 6.44 percent in the fourth phase [Table 6-1, 6-2].

6.2.5 Chemicals

The average value of imports of chemical was Rs. 6848.23 million in the first phase (1991-96). It shot up by 1.8 times to Rs. 12254.20 million in the second phase (1996-2001), 1.31 times to Rs. 16053.04 million in the third phase (2001-06), and 93.65 percent to Rs. 31088.15 million in the fourth phase (2006-11). The imports of this group rose by 4.5 times to Rs. 31088.15 million by the end of fourth phase. Its share in total imports was 15.73 percent in the first phase. It increased to 16.73 percent in the second phase and 18.51 percent in the third phase. Thereafter, it declined to 17.82 percent in the fourth phase [Table 6-1, 6-2].

6.2.6 Organic Chemicals

The average value of imports of organic chemicals was Rs. 3612.00 million in the first phase (1991-96). It shot up by 1.7 times to Rs. 6106.14 million in the second phase (1996-2001), 7.83 percent to Rs. 6584.5 million in the third phase (2001-06) and 70.51 percent in the fourth phase (2006-11). The imports of this group rose by 3.1 times to Rs. 11227.72 million by the end of fourth phase. The share of this group in total imports was 8.30 percent in the first phase, and circulated around this figure in the subsequent period.

6.2.7 Plastic Materials

The average value of imports of plastic materials was Rs. 1661.73 million in the first phase. It shot up by 1.7 times to Rs. 2811.70 million in the second phase, 1.3 times to 3668.09 million in the third phase, and 148.05 percent to Rs. 9098.70 million in the fourth phase. The imports of this group rose by 5.5 times to Rs. 9058.70 million by the end of fourth phase. The share of this group in total imports shot up from 3.81 percent in

the first phase to 3.84 percent in the second phase to 4.22 percent in the third phase and 5.21 percent in the fourth phase [Table 6-1, 6-2].

6.2.8 Manufactured Goods

The average values of imports of manufactured goods were Rs. 10230.09 million in the first phase (1991-96). It increased by 1.7 times to Rs. 16925.14 million in the second phase (1996-01), 1.2 times to Rs. 20720.60 million in the third phase (2001-06) and it declined by 69.73 percent to Rs. 6271.40 million in the fourth phase (2006-11). It may be observed that the average of this group in the third phase period was higher by about Rs. 14449.2 million than that of Rs 6271.40 million in the fourth phase. Its share in the total imports was 23.51 percent in the first phase. It declined to 23.11 percent in the second phase. But it increased to 23.89 percent in the third phase. There after, it declined to 3.59 percent in the fourth phase [Table 6-1, 6-2].

6.2.9 Petroleum & Their Products

The average value of imports of petroleum & their products were Rs 455.80 million in the first phase. It increased by 34.48 percent to Rs. 613.00 million in the second phase. There after it registered continuous rise. It increased by 78.03 percent to Rs. 1091.33 million in the third phase and 754.46 percent to Rs. 9324.80 million in the fourth phase. The imports of this group rose by 20.5 times. The share of this group in total imports was 1.04 percent in the first phase (1991-96). Thereafter, it declined to 0.83 percent in the second phase (1996-2001). But it increased to 1.25 percent in the third phase (2001-06) and 5.34 percent in the fourth phase (2006-11) [Table 6-1, 6-2].

6.2.10 Rubber Manufactured

The average value of imports of Rubber manufactured were Rs. 562.72 million in the first phase. It increased by 188.56 percent to Rs. 1623.80 million in the second phase. It increased by 12.82 percent to Rs.1832.09 million in the third phase and 115.79 percent to Rs. 3953.50 million in the fourth phase. The imports of this group rose by 7 times to Rs 3953.50 million by the end of fourth phase. The share in total imports was 1.29 percent in the first phase (1991-96). It increased to 2.21 percent in the second phase (1996-2001). It

declined to 2.11 percent in the (2001-06). Thereafter, it increased to 2.26 percent in the fourth phase (2006-11) [Table 6-1, 6-2].

6.2.11 Iron & Steel products

It is virtually impossible to achieve any success on the Industrial front without adequate supply of iron and steel. Since a country's advancement depends largely on industrialization, which in turn feeds on iron and steel, adequate stock of it is indispensable. The average value of imports of Iron and steel products were Rs. 5342.53 million in the first phase (1991-96). It increased by 1.5 times to Rs. 8114.65 million in the second phase (1996-2001), 1.3 times to Rs. 10894.32 million in the third phase (2001-06), and 258.66 percent to Rs. 39073.63 million in the fourth phase (2006-11). The imports of this group rose by 7.3 times to Rs. 39073.63 million by the end of fourth phase. The share of this group in total imports was 12.27 percent in the first phase. It declined marginally in the second phase. Thereafter it increased to 12.56 percent in the third phase and 22.40 percent in the fourth phase [Table 6-1, 6-2].

6.2.12 Non-Ferrous Metals

The average value of imports of Non-ferrous metals were Rs. 707.13 million in the first phase (1991-96). It increased by 33.89 percent to Rs. 946.80 million in the second phase (1996-2001), 40.27 percent to Rs. 1328.10 million in the third phase and 107.28 percent to Rs. 2752.90 million in the fourth phase. The imports of this group rose by 3.9 times to Rs. 2752.90 million by the end of fourth phase. The share of this group in total imports was 1.62 percent in the first phase. Thereafter, it declined to 1.29 percent in the second phase and circulated around this figure in the subsequent plans [Table 6-1, 6-2].

6.2.13 Manufactures of Metals

The average value of imports of manufactures of metals was Rs. 1184.60 million in the first phase. It increased by 2.9 times to Rs. 3481.0 million in the second phase. But it declined to 14.59 percent to Rs. 2972.81 million in the third phase. Thereafter, it increased by 230.30 percent to Rs. 9819.73 million in the fourth phase. The imports of this group rose by 8 times to Rs. 9819.73 million by the end of fourth phase. Its share in

total imports was 2.72 percent in the first phase (1991-96). It increased to 4.75 percent in the second phase (1996-2001). Thereafter, it declined to 3.42 percent in the third phase (2001-06). And it shot up increased to 5.63 percent in the fourth phase (2006-11).

6.2.14 Machinery Transport Equipments

In a developing country, which is rapidly industrializing imports of machinery are bound to increase. And it is natural that any developing country like India undergoing rapid industrialization would require massive imports of machinery of all kinds till it builds up its own machine – building industry. Since Independence, machinery including transport equipments tractors, etc had been the top items in India's imports. It had been surpassed by food grains only in a few years of unusual crisis and has been surpassed by crude oil in recent years¹³⁶. The average value of its imports was Rs. 3343.00 million in the first phase (1991-96). It increased by 63.78 percent to Rs. 5475.18 million in the second phase (1996-2001), 21.76 percent to Rs. 6666.92 million in the third phase (2001-06), and 153.58 percent Rs. 16906.50 million in the fourth phase (2006-11). The imports of this group rose up by 5 times to Rs 16906.5 million to the end of fourth phase. Its share in imports was 7.79 percent in the first phase. But it declined to 7.55 percent in the second phase. Thereafter, it increased by 7.75 percent in the third phase and 9.74 percent in the fourth phase [Table 6-1, 6-2].

6.2.15 Power Generating Machine

The average value of imports of power generating machine were Rs. 4961.80 million in the first phase. It increased by 62.99 percent to Rs. 8087.30 million in the second phase but it declined by 3.44 percent to Rs. 7808.31 million in the third phase. Thereafter, it increased by 87.60 percent to Rs. 14648.80 million in the fourth phase. The imports of this group rose by 3 times to Rs. 14648.80 million by the end of fourth phase period. The share of this group in total imports was 11.40 percent in the first phase period. It declined to 11.04 percent in the second phase period. It declined marginally in the third and fourth phase [Table 6-1, 6-2].

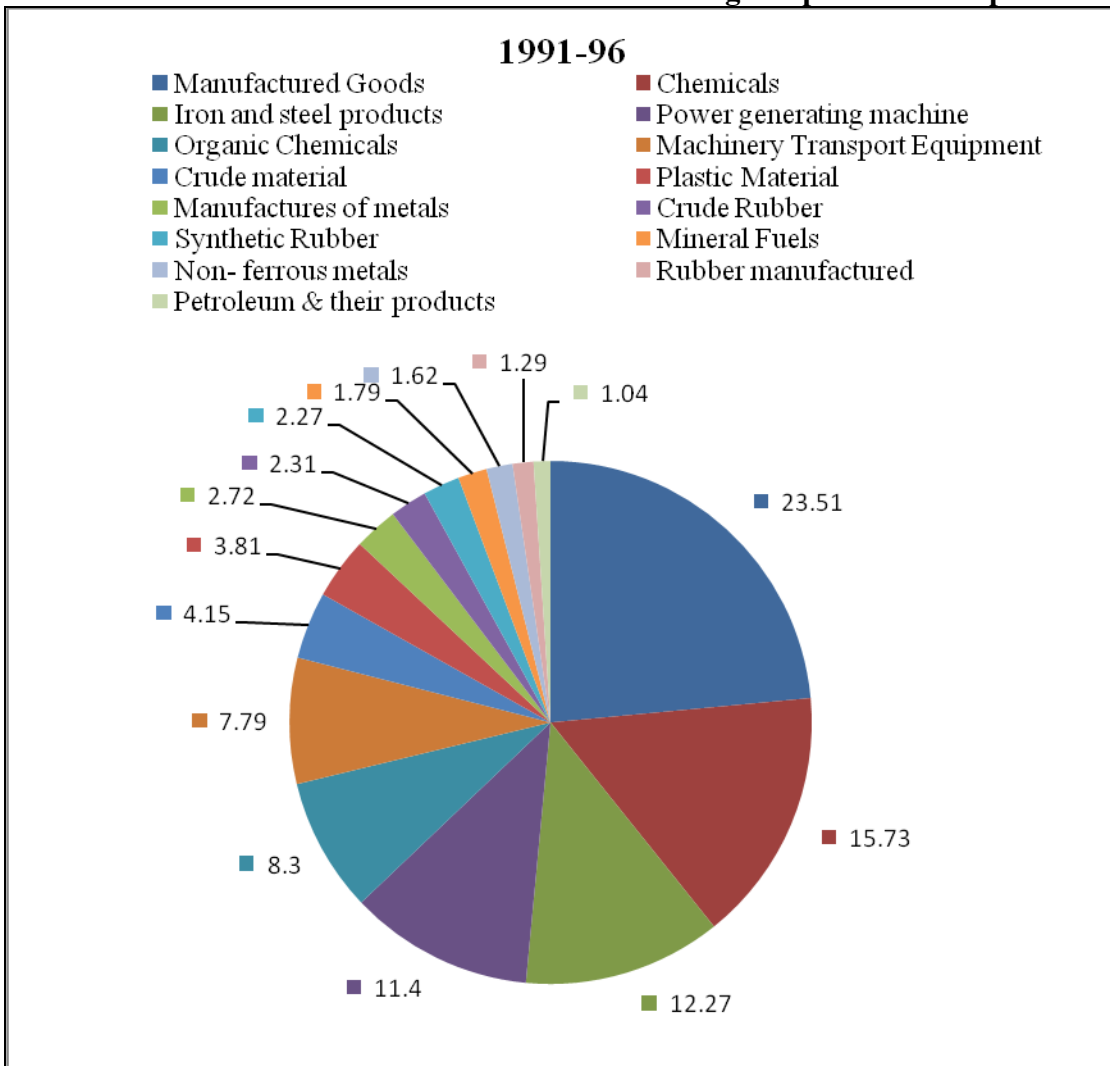
136. Deo Raj Singh, 'pattern of foreign trade and planning in India' criterion publication New Delhi 1985, P. 120.

6.3 India's Average Imports From Japan (1991-2011)

6.3.1 First phase [1991-1996]

Figure 6.1, commodities wise India's average imports from Japan were shown for 1991-96. According to table 6.2 & Figure 6.1 manufactured goods accounted for highest percentage of imports from Japan in this period, chemicals, iron & steel products, power generating machine, organic chemicals, and machinery transport equipment sectors also accounted for almost half of India's imports from Japan. The shares of Crude Rubber, synthetic rubber, mineral fuels, petroleum & their Products, rubber manufactured and manufactures of metals in total imports were only 11 percent in the first phase.

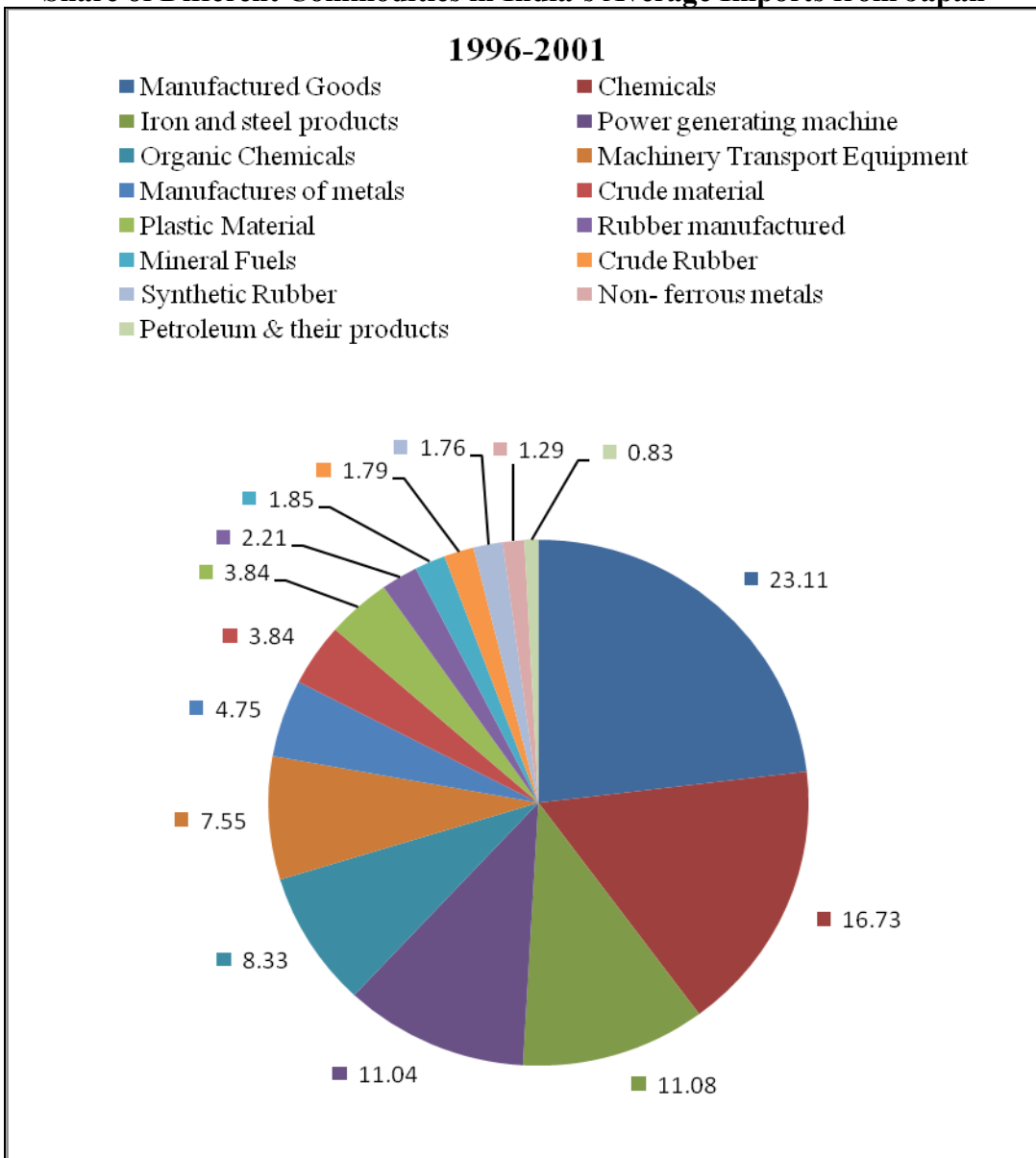
Figure-6.1
Share of Different Commodities in India's Average Imports from Japan



6.3.2 Second phase [1996-2001]

Figure 6.2, commodities wise India's average imports from Japan are given for 1996-2001. In this period, manufactured goods, chemicals, iron & steel products, power generating machine, organic chemicals, and machinery transport equipment sectors accounted for over 77 percent of import from Japan in the second phase period, and his position were maintain according to first phase period. The share of manufactures of metals increased to 5 percent in the second phase, crude material and plastic material

Figure-6.2
Share of Different Commodities in India's Average Imports from Japan

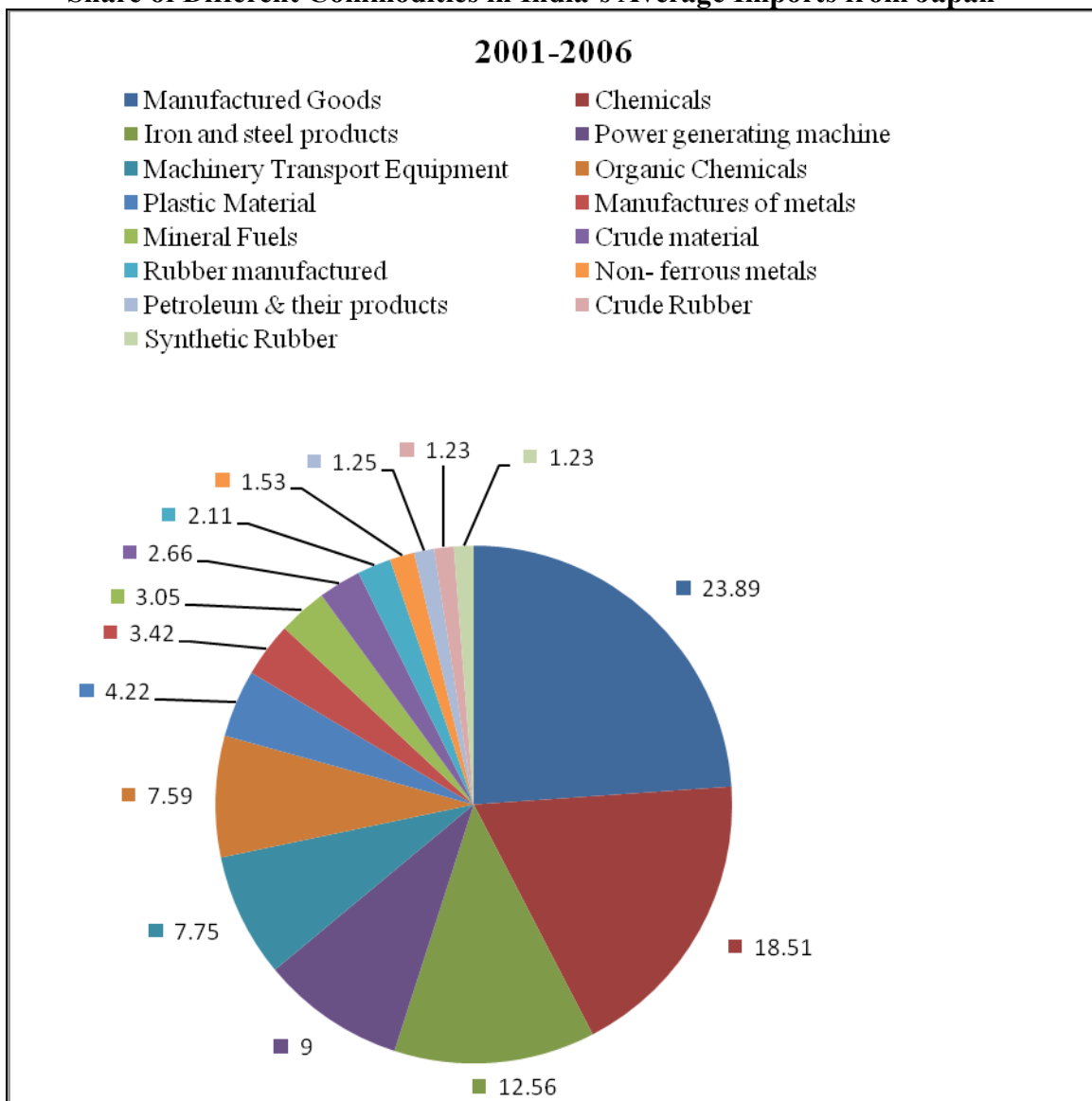


share in imports was 4-4 percent in this period.

6.3.3 Third phase [2001-2006]

The major items of Japan's exports were mainly centering on manufactured goods, chemicals & organic chemicals, iron & steel products, power generating machine machinery transport equipment and metal products. The shares of this group in total imports were 87 percent in the third phase (2001-2006). The above analysis has also shown by figure 6.3 is given below:

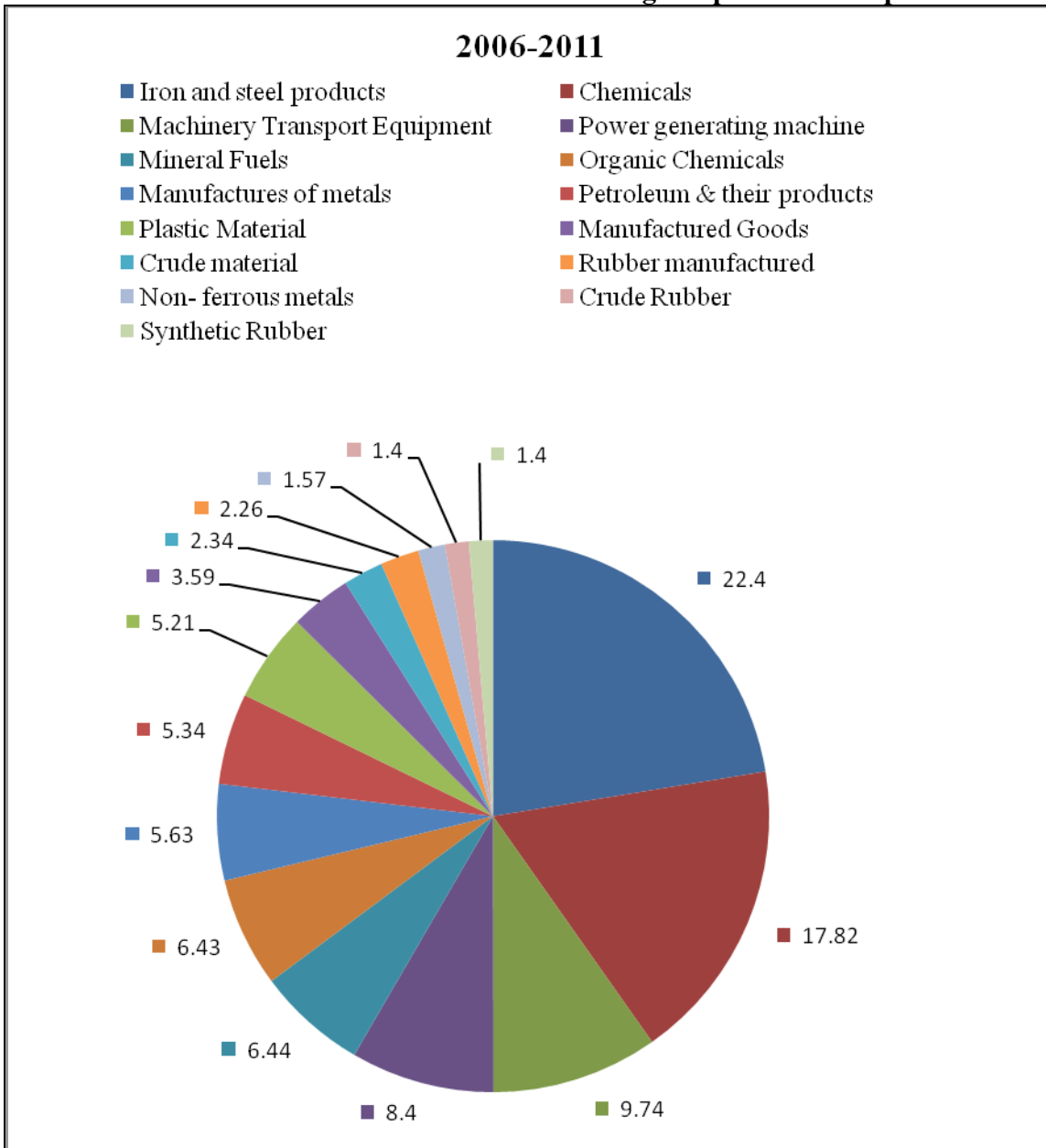
Figure-6.3
Share of Different Commodities in India's Average Imports from Japan



6.3.4 Fourth phase [2006-2011]

Iron & steel products accounted for highest percentage (22%) of imports from Japan in 2006-2011. Chemicals & organic chemicals, power generating machine, machinery transport equipment and mineral fuels alone account for nearly half of India's imports from Japan. The share of manufactured goods was rapidly declined & only 4 percent import in this period. The above analysis has also shown by figure 6.4 is given below.

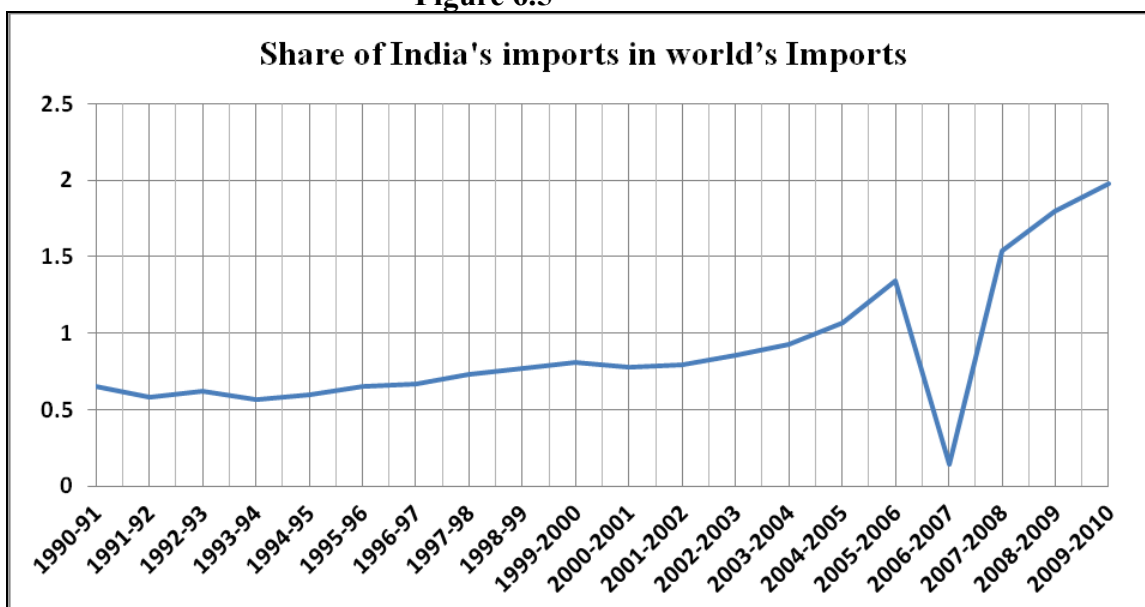
Figure 6.4
Share of Different Commodities in India's Average Imports from Japan



6.4 Share of India's Imports in World's Imports

The Table-6.4 & Figure 6.5 shows the share of India's import in world's imports during the Period 1990-91 to 2009-10. The share of World's imports has been increasing continuously during 1990-91 to 2009-10, and the share of India's imports in world's imports has increased from 0.65 percent in 1990-91 to 1.98 in 2009-2010. It has increased gradually and became substantially in 2005-06. But the share of India's imports in world's imports has declined in 2006-07. Afterward, it has increased. The increasing share of India's imports in world imports has significance from the point of view of economic growth & development¹³⁷. India's agricultural imports amounted to US \$ 17.5 billion with a 1.2 per cent share of world trade in agriculture in 2010¹³⁸.

Figure 6.5



137. Yearbook of International financial Statistics, (Various issues) Published by International monetary fund (IMF) Washington.

138. International Trade Statistics 2011, published by the World Trade Organization (WTO).

CONCLUSION

Japan has been an important source of our imports of qualitative and reasonably prices capital goods, intermediate products. However, the share of India imports from Japan was around 7.1 percent during 1991-92. It fell sharply to 4.2 percent in 2001-02 and 2.5 percent in 2011-12. The reason for declining Japanese share in India's total imports, may be found in India's political & strategic shifts towards ASEAN countries, New Asian Tigers (like South Korea, Taiwan, Thailand, Vietnam and Malaysia) and her adoption of "Look East Policy". In the same period, these countries were growing rapidly and now become manufacturing hubs global economy. India also grow rapidly after liberalization in 1991. There was massive upsurge of domestic demand. The 'New East Asian Economies' offered consumer goods in comparison to Japan at competitive prices. The decade of 1990-2000 witnessed Chinese economy growing at double digit after its opening in 1978 and China emerging as the manufacturing engine of the global economy, producing cheaper exports goods. Chinese's share in Indian trade has also steadily increased with the Indian economy slowly becoming the consumer of cheap Chinese exportables. Chinese economy offered two great advantages, cheap labour and cheap raw materials for global investors and thereby producing a range of consumers' goods. Accessible to lower income groups of consumer as reasonable prices in India among to the countries.

After liberalization of Indian economy in 1991, and development of industrial and transports sectors. The demand of petroleum products of also greatly increased as a consequence, India's oils imports of 'Middle East Countries' increased substantially, and therefore share of 'Middle East Countries' total volume of Indian trade increased accordingly.

The items of imports were Crude materials, Crude rubber, Synthetic rubber, Mineral fuels, Chemicals, Organic chemicals, Plastic material, Manufactured goods, Petroleum & their products, Rubber manufactured, Iron & steel, Non-ferrous metals, Machinery transport and Power generating. Out of these items, Chemicals, Manufacture goods, Iron and Steel products, and Power generating machine accounted for over 62 percent of import from Japan. The share of Crude materials

in the total imports was sizeable in the 1991-2011. The imports of Crude rubber had risen by two and half time by the end of fourth phase. There has been significant growth in the imports of Synthetic rubber, Mineral fuels, Plastic materials, Non-ferrous metals, Petroleum and Rubber manufactured. The import of Chemicals from Japan has been increasing. It sharp in total export was at its climax in the fourth phasing period when it accounted for about one-seventeen of total imports. India is the largest importer of Japanese Manufactured goods. Its share in total imports was at its remarkable growth in the third phase and recorded great fall to fourth phase.