CHAPTER – III
RESEARCH METHODOLOGY

3.1 Introduction
3.2 Objectives of the Study
3.3 Statement of the Problem
3.4 Importance of the Study
3.5 Hypothesis of the Study
3.6 Methodology
3.7 Scope of the Study
3.8 Period of the Study
3.9 Data Collection and Presentation
3.10 Limitations of the Study
3.11 Review of Literatures
3.12 Chapter Scheme
3.13 Conclusion
CHAPTER – III

RESEARCH METHODOLOGY

3.1 Introduction:

This chapter concerns about research work conducted on changing trends in India’s foreign trade 2001-2010. This chapter mainly discusses the Research Methodology in detail including Objectives of the study, Statements of the problems, Importance of the study, Hypothesis, Scope of the study, Period, Data collection and presentation, Limitations and Review of the earlier research work conducted on India’s foreign trade.

The developing countries have realized that foreign trade is a powerful engine of growth and it promotes economic development. Hence, these countries have adopted import liberalization and export promotion for expanding foreign trade. The Government of India opted for a policy of trade liberalization in recent years. Massive trade policy reforms were announced in 1991 to open up the economy to foreign trade and to integrate the Indian economy into the global economy.

Although India has steadily opened up its economy, its tariffs continue to be high when compared with other countries and its investment norms are still restrictive. This leads some to see India as a rapid globalizer while others still see it as a highly protectionist economy. Till the early 1990s India was a closed economy: average tariffs exceeded 200 percent, quantitative restriction on imports were extensive and there were stringent restrictions on foreign investment. The country began to cautiously reform in the 1990s, Liberalizing only under conditions of extreme necessity.

Since that time, trade reforms have produced remarkable results. India’s trade in GDP ratios has increased from 15 percent to 35 percent of GDP between 1990 and 2005 and the economy is now among the fastest growing in the world. Besides average non-agricultural tariffs have fallen below 15 percent, quantitative restrictions on imports have been eliminated and foreign investments norms have been relaxed for a number of sectors. Over the last 65 years, India’s foreign trade has undergone a complete change in terms of
composition and direction. Exports now cover a wide range of traditional and non-traditional items while imports mainly consist of capital goods, petroleum products, raw materials and chemicals to meet the ever increasing needs of a developing economy.

To become a major player in world trade, a comprehensive approach needs to be taken through the Foreign Trade Policy of India. Increment of exports is of utmost importance, India will have to facilitate imports which are required for the growth of Indian economy. Rationality and consistency among trade and other economic policies is important for maximizing the contribution of such policies to development. Thus, while any incorporation in the new Foreign Trade Policy of India, the past policies should also be integrated to allow developmental scope of India’s foreign trade. This is the main mantra of the Foreign Trade Policy of India.

Although the EXIM Policy of India is primarily a five year policy, keeping in mind the latest national and international developments, Ministry of Commerce announces appropriate amendments every year. This is usually done on 31st March every year. EXIM policy 1997-2002 consolidated the gains made by restructuring the scheme to achieve further liberalization. EXIM policy 2002-2007 with new most of the earlier export restrictions and provided several incentives for the newly created SEZ. Quantitative restrictions on exports were withdrawn except from few items due to national security. The new UPA Government at the Centre changed the name and introduced Foreign Trade Policy 2004-2009, which announced in August 31, 2004. It is built around two major objectives. These are:

i) To double our percentage share of global merchandise trade within the next five years.

ii) To act an effective instrument of economic growth by giving a thrust to employment generation.

Thus, this research study becomes important in today’s export promotion strategies which must reflect the changing trends of the international trade environment.
3.2 **Objectives of the Study:**

The general objective of this research is to analyse and review of India’s foreign trade and its EXIM policies. As well as the following are the specific objectives of the study are as follows:

1) To review the trend of India’s foreign trade during 2001 to 2010.

2) To analyze the changing trends in the composition and direction of India’s Foreign trade during 2001 to 2010.

3) To evaluate the India’s foreign trade policy of 1997-2002, 2002-2007 & 2009-14

4) To evaluate the India’s foreign trade performance during 2001 to 2010.

5) To pin point the problems of EXIM policies and suggest the remedial measures.

3.3 **Statement of the Problem:**

The problem statement of this research study is “Changing Trends in India’s Foreign Trade (2001 to 2010).”

The main aim of this research study is to review the changing trends of India’s foreign trade during 2001 to 2010. The foreign trade import, export and EXIM policy or Foreign trade policy are already described in first, fourth and fifth chapters. This research study has taken 10 years from 1st April, 2001 to 31st March 2010 to give final shape and structure. The introduction and objectives of the research study has already been discussed in the earlier sections of this chapter.

We know that the Government of India has announced a series of EXIM policies or Foreign Trade policies of India in order to strengthen foreign trade and economic condition of the country. These policies are significant step towards furthering the reform process, started two decades ago. It mainly aims to boost foreign trade and double India’s share of foreign trade up to 2009-10. Thus, this research study is related to the changing trends of India’s Foreign Trade and EXIM policy or Foreign Trade Policy.
3.4 Importance of the Study:

Foreign trade is recognized all over the world as one of the most vital determinants of economic development of a country. It helps to understand the international business. As well as it helps to understand the role of foreign trade policies in the development of foreign trade. Besides, it helps to understand the role of international trade in the economic growth and development of India.

This research study becomes important and significant as today’s export promotion strategies must reflect the changing trends in India’s foreign trade environment. The Government of India introduced a series of reforms to liberalize and globalize the Indian Economy. Reforms of foreign trade and EXIM policies were critical elements in structural reform of India. The EXIM policy regime in India, in regard to liberalization of the foreign sector has witnessed very significant change.

Thus, the research will be helpful to academic and other purpose and can serve as a good base for further researches to be taken in future. Its conclusions and suggestions made will act, as vital input to increase international trade competitive ties.

3.5 Hypotheses of the Study:

A hypothesis is a supposition made as a basis for reasoning. In other words, a hypothesis is a proposition which the researcher want to verify. In other words, hypothesis is a statement about the relationship between two or more variables which needs to be investigated for its truth. If the relationship between two variables acts as hypothesis predicts, then the hypothesis is supported and a new theory has been suggested.

Thus, following hypothesis are tested in this research work.

1) The foreign trade plays a vital role in India’s economic growth and development.

2) The composition and direction of India’s foreign trade has registered the significant change.

3) India’s foreign trade has registered rising trend since 2001.
4) EXIM policies have provided the environment to boost export.

3.6 Methodology:

In order to study the changing trends in India’s foreign trade, various research methodologies are adopted. The study is mainly focused on India’s foreign trade, its performance, EXIM policies, exports and imports performance during study period from 2001 to 2010. It also studies the role of government and other agencies involved in foreign trade in India.

Thus, this is library based research work. The methodology used in the study varies as per requirement of the analysis of different perspective. For that, the researcher has used secondary data for the present study. The researcher has selected those goods and countries which are having virtual impact on Indian economy and international trade. The researcher has used secondary data mainly from economic survey of India, RBI-Annual Reports, Research Papers, Thesis’s, related websites, Bulletins various books on Indian Economy, International trade and policies etc.

Also the research is completed in similar topics and is consulted in the libraries of various universities and agencies in the state as well as nearby states. So, the secondary data has collected from different libraries and research institutes in Pune and outside. Some of them are listed below;

1) MES Abasaheb Garware College, Karve Road, Pune

2) Jayakar Library, University of Pune

3) Gokhale Institute of Politics and Economics, Pune

4) St. Mira’s College for Girls, Pune

5) Various related websites

It is macroeconomic analysis. It is exploratory study. This empirical study depends on time series. The data are processed on computer by using the usual data processing statistical techniques such as percentile, average etc. The graphs and charts are also used whenever needed.
3.7 **Scope of the Study:**

The scope of the present research study is changing trends in India’s foreign trade is limited for the period of 2001 to 2010.


This research will throw light on the changes of trends that have occurred during the last decade in the field of foreign trade of India. The research shows the reasons behind the fluctuations in foreign trade.

3.8 **Period of the Study:**

Today, changing trends in India’s foreign trade is redefines and analyses so that the period of this research study covers only 10 years ranging from 2001 to 2010.

3.9 **Data Collection and Presentation:**

Generally, data may be obtained from several sources; it is not easy to list them in detail. Each research work has its own data needs and data source. The present research study is depends on secondary source. It is library based research work so only secondary data is used in this research. The secondary data refer to those for already gathered by others. The sources of secondary data can be divided into two groups:

a) Internal

b) External

The internal secondary data are found within the organization. Under these sources, sales information, financial data etc. included. Where external secondary data are collected from sources outside the organization. Such sources may include books, periodicals, published reports, articles, unpublished research thesis, data services and computer data banks.
3.10 Limitations of the Study:

There is time limit for the research study. It covers period from 2001 to 2010 i.e. 10 years. It considers the various EXIM policies of India. Besides the review of the changing trends in imports and exports in India, it also consider various important aspects. Thus, this study has its own limitations.

3.11 Review of Literature:

Review of literature is an essential part of all research studies. It is a way to discover what other research in the area of our problem has uncovered. It is also a way to avoid investigation problems that have already been definitely answered. Scientific research must be based on past knowledge. The previous research studies cannot be ignored because they provide the foundation to the present research study. In other words, there has to be continuity in research. This continuity in research is ensured by linking the present study with the past research studies.

Thus, review of literature is basically a stock taking of available literature in one’s field of research. Besides, the primary purpose of literature review is to learn, not to accumulate. The purpose of review of literature is to find out what research studies have been conducted in one’s chosen field of study and what remains to be done. It provides the foundation for developing a comprehensive theoretical framework from which hypothesis can be developed for testing.

Hence, review of literature is a critical summary of research on a topic of interest, generally prepared to put a research problem in context or to identify gaps and weaknesses in prior studies so as to justify a new investigation. It is important to establish what is original in your approach, what circumstance have changed since related work was done, or what is unique about the time and place of the purposed research. For the easy of review of literature, the received literature are classified under four (4) sections.

3.11.1 Individual Research Studies:

For this purpose the researcher has taken of six (6) Ph.D. thesis and three (3) M.Phil. thesis as under:-
3.11.1.1 Gautam Murthy (1993) in his Ph.D. thesis submitted to Bombay University on “Trade and export instability in the Asia Economies with special reference to India”, has stated that Indian economy is suffering trade deficit which results into negative balance of payments. He has observed that India’s foreign trade is suffering from instability since independence. The export instability has gradually increased in the international trade. He has identified main reason of India’s poor performance in exports on the basis of instability of Indian economy. The Indian economy based on agriculture sector, whose production depends upon monsoon. If the monsoon is favourable, the rate of agriculture production is high and vice-versa. This results into instability of Indian economy which affects India’s foreign trade performance.

The other reasons for India’s foreign trade and export instability found by him are very important and interesting to understand. He says that India’s geographical area is bigger than the other developing countries in that region. The foreign trade performance of a country depends upon the geographical area of a country, and so the export performance is lower. There are some other important reasons for India’s foreign trade and export instability; those are over population, political instability and orientation, variety of religions, diversity in culture, economic transition and 150 years of British rule.

3.11.1.2 Desale, Harshavardhan, University of Nagpur (1998) in his Ph.D. thesis titled on “A Critical study of India’s Foreign Trade and its Contribution to Generate Foreign Exchange” has stated that the foreign trade of India has gone through lot of variation since 1948 due to socio-political changes in India. Every political party has different agenda for economic development of the country and foreign trade. The provisions made in the five year plans about foreign trade are not implemented effectively to achieve targeted economic growth as well as growth rate of foreign trade. The research has studied India’s foreign trade for 50 years since independence. He has stated that foreign trade always helps to generate foreign exchange provided the balance of trade is positive. The balance of payment is positive it turns into foreign exchange earnings. As the margin of balance of payment is more positive the foreign exchange earnings are higher.

The researcher has analyzed the trend of India’s foreign trade since 50 years after the independence on various parameters. He has studied export and import of the country
for last 50 years and identified the variation between them every year. The rate of import and export growth has analyzed and compared to find out balance of trade whether it is positive or negative. The researcher’s major finding is that every year the rate of import is more than the exports, due to which India suffers trade deficit. Even if the growth rate of import is much higher than the export. So the balance was never positive since independence of the country. The researcher has given major suggestions that the Government should take serious action through EXIM policy to increase the rate of export growth and decrease rate of import growth by proper implementation and administration of the provision made in the EXIM policy.

3.11.1.3 Choudhary, Avinash (1999) in his Ph.D. thesis titled “A Study on Export Financing and Commercial Banks” submitted to University of Mumbai has stated that commercial banks play vital role in export financing. As the RBI has given guidelines to commercial banks from time to time for export fmancing, the commercial banks try to fulfill the expectations of the exporters. The EXIM Bank of India provided refinancing facilities to the commercial banks against the short term and medium term finance extended by the commercial banks face lot of difficulties in order to provide term loans to the exporters. He has studied the role of commercial banks in export financing and identified the difficulties of the commercial banks and the exporters. One of the main conclusion of his study is that the commercial banks play vital role in export financing but they are concentrating on the urban areas and neglecting rural areas where the farmers are expecting more financial assistance from the banks. The major finding of the study is that commercial banks play very important role in export financing but they are lacking in the rural areas.

3.11.1.4 Padmasani (2007) in his Ph.D. thesis on “Export Performance of Indian Seafood Industry with special reference to Shrimp”. This research is confined to a period of 15 years from 1985-86 to 1999-2000. The research analyze the trend and composition of export of marine products with special attention to shrimp. Major findings of this research are:

- For India, the fish production comes from both marine and inland sectors. There was significant up trend in production of both the sectors. But during the recent period, the growth rate for both the fisheries had come down.

- There was a seasonal pattern in marine products export whereas it was not strictly observed in Shrimp export.
Indian marine products including Shrimp are exported through 11 major parts in the country.

It is found that Indian marine products were exported to 64 countries in the world as per the data of MPEDA.

Fluctuations in exchange rate seemed to have an effect on the export of Shrimp to three major markets. Except USA, the impact of exchange rate was significant in other two markets.

3.11.1.5 Bagher Hesami Azizi (July 2008)\(^5\) in his Ph.D. thesis titled on “The Role of Foreign Trade in Economic Growth and Development in Indian and Iranian Economies”, has stated that there is a single relationship between exports and imports when import is dependent variable in India and there are two way relationship between exports and imports in Iran on strong form for their intertemporal budget constraint to hold are satisfied. In India, import is function of export i.e. when export increase foreign reserves will develop and finally, import will increase.

In Iran, major Iranian export is oil and also on the major import are refined oil products. Therefore, when oil exporting is increasing, importing of refined oil products will increase and also when importing of refined oil products are increasing exporting of oil will increase. This means, Iranian economy more depended to intertemporal budget constraint.

3.11.1.6 Nimgaonkar, Girija Arvind (October 2008)\(^6\) in her Ph.D. thesis titled, “Export Led Economic Growth and India”, University of Pune has concluded that in the changing environment the role assigned to exports in Indian economy start a change from a mere “foreign exchange earner” to “exports as a Catalyst in the growth process”. The comparative analysis of India Vis-a-Via the “Asian tigers” does not provide us an idea about the specific policy instruments that can be used for export led growth. The analysis however definitely gives us an idea about the way these economies maintained the environment for boosting the manufacturing export growth as well as certain macroeconomic variables such as exchange rates, Price level etc, to attain high growth through export growth. India needs to use these insights in ways appropriate to her own circumstance. It may not be possible for India to replicate the
East Asian Miracle due to the demographic, structural and political constraints. But in order to improve the growth performance, India can definitely replicate certain elements that contributed to the growth process in these economies. And, one of the most important elements that this study emphasizes is the approach towards "exports as a source of growth".

3.11.1.7 Acharya, Kamalakant in her M.Phil thesis submitted to University of Pune in 1991, on "Study of India’s Trade Pattern with the East European Countries" stated that India’s trade performance with East European Countries is declining continuously since independence. The reason is demand for Indian product in the domestic market is increasing every year and the production is not sufficient to meet that demand. India’s trade pattern with the East European countries is changing continuously because of changing demand for various commodities. Further, she has also stated that the East European market is a high potential market for India’s export but the potential is not fully utilized. This results into loss of market share in the East European region. India should export agriculture product to meet the demand of East European Countries to hold this potential markets.

3.11.1.8 Barse Samadhan Pizan in his M.Phil thesis submitted to University of Pune in December 2006 on, “India’s Foreign Trade : Changing Composition and Directions (2000-2005)” stated that India’s foreign trade is concerned its trade relations are with both i.e. developed and developing countries. India exports nearly 7,500 commodities to 190 countries, while it imports 6,000 commodities from 140 countries. India moved one notch up in the rankings of both exports and imports in 2005 to become the 29 leading merchandise exporter and 17th leading merchandise exporter and 17th leading merchandise importer of the world. He has also stated that Indian government has reduced the custom duty or has brought it to zero level, quota restriction also have been deducted and important modification in foreign trade policy have been made. This has resulted in the growth of our foreign trade.

He has further stated that the most important thing is that India’s trade had increase with developed countries as well as with developing countries. India signed free trade agreement with Singapore and Thailand which are the member of SAARC region and the agreement with the Asian Countries Japan, China and South Korea is sought by the Government. This could bring a free trade area in Asia and can transform Asia into global economic powerhouse. This will open the doors for development of our
country. The economic condition and trade market of India is essential for the countries which are under developing condition.

3.11.1.9 Nair Bindu^, (i.e. me) in M.Phil thesis submitted to University of Pune, in August 2010 on “Changing Trends in India’s Foreign Trade (2002-03 to 2006-07)” stated that India has faced the problems of trade deficit all through the planning era. Trade deficit has increased significantly over the years. During first plan trade deficit was Rs. 108 crores, in second plan it was Rs. 467 crores and in the third plan it was Rs. 477 crores. First Five year plan is the base of planned economic development while second plan lay down foundation of industrialization. Third plan was development plan. I have also stated that due to Indo-China war and Indo-Pak war the fourth plan was disturbed. Trade deficit was Rs. 162 crores in the fourth plan, which reached to Rs. 810 crores in the fifth plan and finally moved up Rs. 5716 crores in the sixth plan. The raising price of petroleum products can be attributed to the rising trade deficit. Also due to recession in Japan and severe economic crisis in Russia the trade deficit was Rs. 36,363 crores in ninth five year plan.

I have also suggested that in case of export policy, it is needed to give impetus to agricultural production. Marketing effort and organizational reforms in this field are urgently needed. There is need to concentrate on export of readymade garments to new Asian Countries. I have also suggested that by a reduction of costs improvement of quality, better servicing of equipment and aggressive marketing. India can achieve a massive expansion in the export of engineering goods. After globalization, India has to full in line with other countries marketing her trade free from internal restriction considering the globe as one village. India needs to take cooperation from OEDC and OPEC countries.

3.11.2 Individual Project Research Work:

For this purpose, the researcher has taken of four (4) individual project research work, as under;

3.11.2.1 Nayyar Deepak (1975)\(^\text{10}\) has done pioneering research work on Indian exports. In his research study titled “Indian Exports and Export Policies in 1960s”, he found that commodity composition influence export competitiveness. In case of India, it has been pointed out that it could not possibly increase its share of world exports as the commodity, composition, of its export was an ‘unfortunate one’. Even when India
started exporting non-traditional products. Such exports were largely based on slow moving products. He also suggested improvement in the export policy of India.

3.11.2.2 Jain, P.K. (1984) research work on “Export Marketing of Indian Goods : Problems, Procedure and Prospect” throws light on India’s export trade, engineering goods industries, 4 P’s of marketing and market research. The aim of the research was to analyze and examine in detail the problems of Indian engineering goods industries especially in the field of exports. The research revealed the problems faced by engineering export are:

- Paucity of export information available to the exporter (There is a multiple institutions which collects and further disseminate information on various aspects of marketing. It would be helpful to the exporter if one body assume the central role and the focal point of all markets data relevant to exporters).

- High incidence of the freight rate and freight disparities between regions,

- Pricing constraints,

- Poor steel supply for exports, inadequate supply of infrastructure facilities etc.

Research work has also suggested important measures like regional diversification of engineering exports, creation of additional industrial capacity, smooth and efficient functioning of economy co-ordinated efforts needed for promotional work and pragmatism in export obligation schemes.

3.11.2.3 Mathur, B.P. (1985) in his research work titled, “Industrial Exports and Developing Countries – India’s Search for countervailing power” found that an obvious solution of growth for India is to move into the fields of industrial exports, his area of focus was on :

- Proper segmentation of international market.

- Use of joint venture strategy to enter into the foreign market and

- Creation of ‘Institutional Agencies’ in the shape of aid and credit corporation and corporation for promoting joint ventures.

3.11.2.4 Narayan M.R. (1992) research work on “Export Subsidies in India : Need for a strategic approach” says that the persisting trade imbalances, mounting external
debt and its servicing burden, depleting foreign exchange reserve have often led to considering export promotion as a policy alternative for India. This research work mainly focused on subsidized export financing from EXIM bank and export credit (interest) subsidy schemes of 1968.

The result of this research work offered strong economic support for the strategic export policy, yet to be formulated in India or justification for the current export policy if only the subsidized exporting domestic firm’s behaviour is strategic. The research study provided the economic basis for empirical estimation of export earnings by a strategic export subsidization policy as compared to the existing non-strategic policy.

3.11.3 Research Paper:

For this purpose the researcher has taken of three (3) research paper on related literature as under:-

3.11.3.1 Pandey, R.K. (1989)\textsuperscript{14} research paper on “Export Promotional System in India – Need for a New Strategy” puts in the proper perspective role, which export promotion measures / system should play to ensure continuing expansion and diversification of India’s exports in the context of the highly competitive, complex and fast changing international marketing environments.

According to the researcher, the entire export promotion system in India has to be overhauled and scientifically oriented to the export marketing promotion needs rather than just catering to the cost reduction / profitability enhancement objectives, which indeed have some, but very limited contribution to the export expansion and diversification efforts of the country.

3.11.3.2 S. Raju & J. Kurien (2005)\textsuperscript{15} their research paper about “Exports and Economic growth in India – Co-integration Causality and Error–Correction Modeling: A Note” Authors have used data on India’s exports and GDP over the 1960-1993, pre-liberalization period, researcher have analysed the time series properties of these variable in order to determine the appropriate functional form for testing the ELG hypothesis.

Their findings shows that export performance was an important cause of growth but does not, by itself explain how exports could have contributed to economic growth in India. There are several possible explanations. Exports may have contributed to
economic growth in India directly by relieving severe import constraints especially in
vital capital goods industries. Indirectly, exports may have eased the balance of
payments situations and relieved the Indian Government of the necessity of pursuing
deflationary policies and undertaking difficult structural adjustment programmes such
as those undertaken by many developing countries in response to the trade shocks of
the seventies and eighties. Another possible explanation involves the existence of
strong forward and backward linkage in Indian industries. The dynamic spillover
effects from the export sector may have led to an overall increase in productivity. An
interesting avenue for further research is to study the export economic growth
relationship at the industry level. An industry level study may provide further insights
into the factors that link export expansion to economic growth.

3.11.3.3 Sodhi, J.S. (2008)\(^6\) this research paper title an analysis of “India’s
Development: Before and After Globalization” analyze India’s development before
and after globalization since independence. It is seen that while India did lay the
foundation of growth in the fifties and sixties, it was limited to certain sectors. An
important feature of the early seventies was a great control and involvement of
the Government where banks were nationalized, the public sector was given a major
role and a large number of direct programmes were launched for the development of
the poor and other weaker sections of the society.

The period after globalization, as whole, has seen a much higher growth rate, increase
of GDP and a robust foreign exchange situation along with a record high of FIIs and
FDI. The benefits though have been asymmetric with the unorganized and the
agriculture sector remaining out of the purview of globalized development.

Another has stated in his conclusion remarks, that India had an asymmetric growth
after globalization. The rejection of the ‘India Shining’ slogan of the previous
government is an apt example of this. Although this disparate growth has been a
feature of Indian economy since independence, it has got accentuated by the far greater
prosperity of some sections of the society after globalization. Despite this, there has
been a much greater preoccupation of the policy makers on achieving macroeconomic
growth even after liberalization and globalization.

3.11.4. Research Article:

For this purpose the researcher has taken three (3) research articles on related literature
as under:

3.11.4.1 S. Rajaraman¹⁷ published an article in the journal issued by Indian Institute of Foreign Trade on “India’s Foreign Trade Performance in the Recent Past” in 1998, states that India has tremendous potential in exports. He has taken a review of India’s export during last decade and identified very important issue that the rate of export is not taking over the rate of imports. This is because of liberalization of Indian economy in the year 1991. The liberalization has opened the Indian economy to enter foreign corporate in industrial sector.

3.11.4.2 Jain, M.K.¹⁸ in his article on “Current Trends in Indian Economy” published in charted Secretary, January 2000, stated that a share of any country in the international trade is an indication of economic development of that country. It is identified that the balance between export and import can be maintained by the country only on the basis of economic conditions. If the economy is under developed like India, proves that it has potential to increase share in the foreign trade but in actual practice it is not possible. The study on foreign trade indicates that the share of under developed countries in the international trade is always minor and the developed countries enjoy major share in foreign trade. This is because the developed countries are having potential to maintain the rate of export always higher than the rate of import. But the under developed countries cannot maintain high rate of export than the import. The reason is that the economy is developing which needs capital goods, technology and equipment’s of high quality for industrial growth. So the import of these goods and services is always higher than the export of developing country. The share of any country in the international trade is always detected by the economic condition of that country. It is observed that the rate of export is always lower than the import because these countries not economically self-sufficient, they need to import more and export less due to economic constraints.

3.11.4.3 Mr. Visraman,¹⁹ FCS, Deputy Director General of Foreign Trade, Hyderabad in his research article published in Charted Secretary on “WTO and EXIM policy of India”, January 2002, has stated that the multifarious WTO agreement arriving form Uruguay Round of negotiation have a direct impact on the Export – Import policy of India. He has further stated that the Government of India will make provision for the import-export transaction according to the WTO requirements. The WTO agreement help to change the provisions already made in the EXIM policy of
any country. The changes made in the EXIM policy will definitely improve the rate of import and export of the country. Foreign trade is recognized in the world over as one of the most significant determinants of economic development which requires an increase in the stock of wealth producing resources of a country, if the country is deficit in some of the stock of its investment goods. Gradually, it also has to import consumer goods to satisfy the rising expectations of the people with improvement in their economic conditions. These imports have to be paid for in foreign exchange available to a country, export proceeds representing the owned funds are the most import and stable sources of foreign exchange.

Besides, the above research work on foreign trade of India or International trade, other research studies taken were:


c) Mehta S.S. work on, “India’s Foreign Trade, Performance and Policy Options for 90s to inject on element of realism” (1988).

d) Brij Mohan (1990) did research on “Effectiveness of export incentives measures in India”, According to him the export sector has remained the holy cow and no country is there which has not used incentives for export orientation.

e) Studies conducted by International Trade Centre.

Luminaries like Bhagwati and Srinivasan (Foreign Trade Regime and economic Development, 1972), Manmohan Singh (Export Trade Policy and Economic Development), Kelkar and Sharma (Trends and determinates of India’s export performance, 1976), N.Vittal (Free Trade Zones and export strategy, 1977), J.R. Rao (Trends in India’s Export Performance and Export Promotion Measures, 1980), P.K.Khurana (Export Management) and Sanjay Lal have done commendable work on Indian exports. Institutions like EXIM Bank, RBI, ECGC, IIP, IIFT, etc. have also conducted researches on related aspect. However, specific focus on institutional support did not get adequate attention so far.
3.12 **Chapter Scheme:**

The research work is comprises into following seven chapter:

1) The first chapter is “Introduction”. It explains exports and imports as well as history of foreign trade and related terminologies.

This chapter also discussed major laws of foreign trade in India and organizational framework of foreign trade in India, Globalization, Foreign Direct Investment, Foreign Portfolio Investment, Special Economic Zones, Balance of Trade, Balance of Payment, WTO and India with relevant to the research study.

2) The second chapter deals with brief explanation and review about “India- An over view”. It includes topography, population, agriculture, forest resources, water resources, irrigation, energy, industries, human resources, education, transportation, communication etc.

3) The third chapter discusses the “Research Methodology” in detail including statement of the problem, objectives of the study and its objectives. It also includes hypothesis of the study, scope, limitations of the study, review of literatures and conclusion and suggestion with chapter scheme.

4) The fourth chapter indicates “The composition and direction of India’s Foreign Trade”. It also deals about exports and imports of principal commodities during the period of 2001 to 2010. This chapter also focused exports and imports trends under various five years plans and annual review of developments in India’s foreign trade during 2001 to 2010.


This chapter also discusses, India’s Regional Trade Agreements (RTAs) which are an integral part of India’s foreign trade policy complementing the multilateral trading system.

6) The Sixth chapter titled “Foreign Trade Performance of India”, throws light on
India’s exports, imports and balance of trade with major export destinations, major exports, exports through major ports, major imports, imports through major ports. As well as India’s exports trade comparison with other developing countries.

7) The Seventh chapter derives the “Conclusion and Suggestions” on the basis of analysis of foreign trade during 2001 to 2010. It also indicates the scope for further research.

Thus, our research work has been completed under the above seven chapters.

3.13 Conclusion:

It is concluded that trade is not an end itself but a means to economic growth and national development. The primary purpose is not the mere earning of foreign exchange, but the stimulation of greater economic activity.

Thus, in this chapter research methodology has been discussed, focusing on the importance of the research study, its objectives, hypothesis, review of Literature, methodology and limitations, etc. In the next chapter, the composition and direction of India’s foreign trade and also review of developments in India’s foreign trade during the study period will be discussed.

• References:


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