



DIRECTION OF FOREIGN TRADE OF INDIA: PRE AND POST LIBERALISATION

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ABSTRACT

During the pre-independence period, the direction of India's foreign trade was determined by the colonial solution between India and Britain. In order to analyze the regional direction of India's foreign trade, it would be appropriate to classify the world into four broad groups viz. organization of Economic Co-operation & development (OECD), oil, petroleum European countries (OPEC), Eastern Europe & other developing countries. There is a drastic change in direction of foreign trade of India after the reforms, the main focus of liberalization; globalization and privatization with export promotion activity have been significant. The trade volume rose and the composition and direction of exports and imports have undergone several fantastic changes after the post reform period. The most remarkable change in the direction of India's exports during post-reform era has been the increasing share of developing countries, OPEC, Latin America, Africa and Asia. It is expected that exports would grow at an average of 25 percent over the next few years. India's entry into new markets and robust performance in engineering goods, gems and jewellery and textile segments are the reason behind the growth spurt. In this research paper an efforts have been made to study the direction of imports and exports of India during pre and post liberalisation of Indian economy and to draw inference and make suggestions

KEYWORDS: Foreign trade, direction, composition, privatisation, globalisation, pre and post-liberalization.

OBJECTIVES

1. To study the direction of imports and exports of India.
2. To draw conclusion and make suggestion.

RESEARCH METHODOLOGY

Data required for the analysis of different periods are collected from 1970-71 - 1990-91 and 1991-92 - 2010-11. Secondary data was collected from books, articles, Annual reports and monthly report, RBI, World bank, Economic & Political weekly, Economic survey-ministry of finance and internet, etc.

REVIEW OF LITERATURE

Singh (1964) examined India's export performance and trends and highlighted the future prospectus for self-sustained growth during the period 1951-60. The study explained that intensity or relative importance of external and internal factors influencing India's export performance varied from one commodity to other, but stagnation in India's export earnings and even declining share in world exports during study period was partly a consequence of faulty economic policies of import substitution adopted by the government during 1951-60.

Nambiar (1979) has traced the role of exports in employment generation in Indian economy during the period 1963-64 and 1973-74. The author concluded that exports have contributed much less to employment generation in India. Export-related employment increased only by half a million between 1963-64 and 1973-74 and only accounted for roughly two per cent of total domestic employment. There were no major structural changes in the overall exports. The significant observations are that the fastest growing exports are least labour-intensive and the outward-orientation of industry is inversely related with labour-intensity of the industry. Export promotion offers no substantial relief from unemployment problem in India.

Pitre (1981) examined the trends in India's imports over the period 1960-61 to 1974-75. He constructed a quantity index at an aggregate level, for which he expressed the quantities in different years in common units (i.e., rupee, by multiplying them with base year prices). The base year chosen is 1960-61 and these prices are used as weights for the construction of index. To view the changes in the composition of imports in terms of economic categories, all the imports were classified into three major heads viz., (1) consumption goods (2) intermediate goods and (3) unclassified, with further divided into food, cereals and edible products, finished goods, iron and steel, non-ferrous metals, total metals, raw materials and intermediates. He concludes that the growth of imports is marked by some fluctuations, imports under food and live animals recorded more than 100% increase between 1960-61 and 1966-67, after this import started falling steeply. Imports under manufactured goods accounted for about 30% of the total import bill. Till 1970-71, a trend of general decline is observed.

Donnenfeld, Waber and Benzion (1985) focused on the case where quality controls were imposed by the government upon an industry. He focuses on the situation where consumers have full information about the quality of domestic goods but only partial information about quality of imported goods. The study concluded that setting minimum quality standards on imports yields negative protection. It is also analysed that the market share is sufficiently large and when monopolist's choice of quality is not too susceptible to competing imported qualities.

Nayyar (1988) examined the underlying factors and assessed the relative importance of domestic and foreign constraints in affecting India's exports during the period of 1977-1985. The study concludes that the external factors such as steady increase in protectionism in industrialized countries and fierce price and non-price competition led by near stagnation in international trade during 1980's are found to influence India's export growth adversely.

Bhattacharya (1989) analysed the import intensity of exports of Indian economy for the period 1973-74 to 1979-80. Results show that by and large direct plus indirect import content per unit of output has increased in almost all the sectors, except a few. The study also analysed that export linked import liberalization followed in India led to increase in sectoral import content in large number of sectors.

Kathuria (1996) examined the impact of recent policy changes on India's exports with special reference to export incentives during pre and post reforms periods. Since July 1991, there have been dramatic changes in the trade policy regime in India. The dominant results are that relative to export profitability in the pre-July 1991 period, EP declined in the dual exchange rate regime (March 1992-February 1993) for most export sectors. The gap between domestic and export profitability also increased in this period, meaning that domestic sales became even more attractive relative to export sales than they already were. This adverse movement in export incentives was reversed with the unification of the exchange rate in March 1993.

Prasad (1997) examined the impact of economic reforms on exports of India and came to the conclusion that during 1990-1991 to 1994-1995, India experienced a high growth compared to growth rates of world exports. The study also revealed that the growth in the values of exports from India was mainly due to growth in quantity of exports and not due to real increase in unit values. This showed that Indian exports were becoming more competitive in terms of prices.

Bleany (1999) has examined the impact of trade reforms on economic performance in Latin American countries using a panel data set of 17 annual observations. Each country is classified as reformed or unreformed in a given year and the model tests whether reform improves performance

across various dimensions. The study shows no significant improvement and in some cases a noticeable decline. The study further reveals that improved exchange rate and income elasticity have been marked by real exchange rate appreciation.

Kumar (2000) analysed "Economic Reforms as well as their Macro-Economic Impact." He examined that immediately after exports annual growth rate was 20 percent in US dollar but it came down to 5.3 percent in 1996-97 and 3.9 percent in 1998-99. The study further observed that recent decline in growth rate of exports is because of decline in world trade since 1996 and East-Asian crisis have also put a strain on India's exports. Finally, India's competitiveness has also been adversely affected by the failure to diversify composition of her exports

Nanda and Raikhy (2002) examined the impact of trade liberalisation policies on foreign trade (exports and imports). The study period is 1991-92 to 1998-99. The study emphasized that India should make serious efforts to promote exports and geographically diversified, in view of declining importance of developed nations. They suggested that, efforts should be made for better techniques, better management, and more efficient use of raw material and avoidance of wastes and export promotion can be fruitful to trade through selective import liberalisation.

Goldar and Anita (2003) evaluated that impact of import liberalization on productivity growth in India. The main objective of the study is to find out how far import liberalization contributed to the better productivity performance of Indian industry in post reform period. The study however does not support that import liberalization has actually resulted in the productivity growth in Indian manufacturing sector. The results rather show lower productivity growth in post reform period as compared to pre-reform period. Thus, the productivity impact of import liberalization and tariff reduction are partly considered by gestation lags in investment projects. This study incorporates two more variables in the regression equation, i.e., rate of change in capacity utilization and rate of change in man days per employee. It was found that there is strong positive relation between capacity utilization and productivity. On the other hand coefficient of rate of change in man days per employee is not statistically significant.

Tendulkar and Bhavani (2007) have suggested exchange rate adjustment as a better option than import controls to manage balance of payments deficits. It does not lead to any type of distortion in resource allocation nor does it require any complex administrative mechanism to implement. Yet exchange rate adjustment was never used as an instrument to manage the repeated balance of payment crisis under the presumed non-responsiveness of exports to prices. The exchange rate therefore, remained overvalued for most part of pre-reform period. An overvalued rupee made imports cheaper and exports unprofitable and further contributed to current account imbalances.

Pillania (2008) Observed that Indian foreign trade has progressed a lot over the last sixty years since independence. The period wore dived into three sub-periods of 1950-1970, 1971-1991 and post 1991. He concluded that India services exports share in global exports is more than double of that of Indian manufacturing exports. In terms of direction, it is now more distributed around the world and the share of East Asian countries his on rise in overall trade. Looking at the large size of the economy, the high growth rates and small share in world trade; with the help of economic theories, and there is huge untapped potential for Indian foreign trade in years to come.

Kishore and Bhattacharya (2009) examined that numerous changes in the regulation in India and the opening of international trade for the economy. The study observed that economic reforms program initiated in India 1991 can be regarded as the most significant even in the history of development in India. Study concludes that due to economic reform program; India is regarded as one of the fastest moving economies of the world.

Kaundal, K. and Sharma, M. (2010) examined that the levels of India's exports of principal groups and principal agricultural products have shown variation in exports. It was concluded that primary products growth rate was higher than the manufactured products exports. The study suggested that prospect of future growth in the export of agricultural commodities lies in the commodities with high growth and low instability.

Goel (2012) examined economic reforms and its impact on Indian economy and analysed that new economic reforms known as liberalization, privatization and globalization (LPG) model aimed at making the Indian economy as fastest growing economy and globally competitive. He observed that two decades of liberalization in India had a favourable impact on the overall growth rate of the economy. He concluded that now India is in the process of respecting her economy, with aspirations of elevating herself from her present dissolute position in the world, the need to speed up her economic development is even more imperative and having witnessed the positive role that the foreign direct investment (FDI) has played in the rapid economic growth of most of the South Asian countries and most notably China.

Lenti & Bretta (2012) conducted a study & concluded that China and India have enjoyed unprecedented economic growth in the past decade and expansion of bilateral trade has been associated with this growth. It was concluded that while India has a strong service sector; China has a dominant industrial sector. Inputs of raw materials for this sector, supplied by India, are therefore very important. The two countries can exchange valuable experience and learning with each other.

Tiwari S (2012) examined the India's export performance and prospects and analysed that as an emerging economy of the World, He observed that India's share of the world total export is only 1.44% while in import it is nearly 2.12%. He suggested that to increase the portion of world trade, Govt. Should come up with the policies and budgetary provision to boost export in potential areas in services, making the special economic zone more viable provide incentives to MSME (micro Small and Medium Sector) with the better training and skill imparted to then by way of providing R&D to make the products globally competitive.

Uma H.R (2012) studied the challenges in India's foreign trade and analysed the importance of the developing countries in global trade can be gauged from the fact that the share of south in global merchandise exports has increased from 20% during mid 1980s to 45% in 2007.

INTRODUCTION

During the pre-independence period, the direction of India's foreign trade was determined by the colonial solution between India and Britain. In order to analyze the regional direction of India's foreign trade, it would be appropriate to classify the world into four broad groups viz. organization of Economic Co-operation & development (OECD), oil, petroleum European countries (OPEC), Eastern Europe & other developing countries. The whole period is classified from 1970-71 to 2010-11, India's Exports & Imports by Region in US \$ million.

Table-1 reveals that in 1970-71 India exported 7121\$ million to OECD countries which increased to 84600 in 2010-11. The exports to OPEC countries were 741\$ million in 1970-71 increased to 54733 \$ million in 2010-11. Exports to developing countries was 1718 \$ million in 1970-71 which increased to 105693 \$ million in 2010-11 which shows that exports of developing countries increased highest. Imports of OPEC countries in 1970-71 were 2277 \$ million which increased to 119117\$ million in 2010-11 imports of OECD countries were 12269 \$ million & 105302 \$ million for the same years. Imports of developing countries increased to 115239 \$ million in 2010-11 from 2967 \$ million in 1970-71. It is clear from the table-4.1 that largest markets for imports of India are OECD countries. It is also observed from the table that among developing countries India's exports to OPEC is highest.

To study the regional direction of India's foreign trade the world has to be classifying into four broad groups. America, Europe, Asia and Oceania and Africa. Table-2 indicates that in 1951-52 India exported over 28.2 per cent of her goods to America, out of which 20.9 per cent were sent to North America and 6.4 percent to Latin America. The share of Latin American countries declined over the years and they accounted for less than 1 percent in 1969-70. The share of North America was 19 per cent in 1969-70. But after the Bangladesh war in 1971, relations between India and the U.S. A. were strained and trade between the two countries declined. On the side of imports, USA contributed 36 per cent in 1951-52, its share fell to 32 per cent in 1960-61, rose to 40 per cent in 1965-66 largely due to food grain imports, and was about 35 per cent in 1969-70. In 1950-51, out of 31.5 per cent of the total Indian imports from Europe, 30.5 per cent came from Western Europe. The share of Western Europe

increased to 49 per cent in 1955-56. The share of ECM countries declined from 18.2 per cent in 1955-56 to 16.9 per cent in 1969-70. The composition of imports from these countries suggests significance of the trade from the viewpoint of economic development. In 1960-61, India imported 4 per cent of her total imports from this region and exported about 8 per cent of her total exports to this region. But soon after the Indo-Chinese conflict in 1962 and Indo-Pak. war in 1965, our trade relations with the East European Socialist countries improved remarkably. In 1969-70 this group of countries accounted for 18 per cent of total imports and about 22 per cent of our exports our trade with the countries in Asia and Oceania (other OECD countries) has been of great significance. Our exports to these countries which were about 28 per cent of total imports in 1951-52 increased to 32 per cent in 1969-70. Our exports have remained, more or less constant to a level of about 6.7 per cent during 1951- 52 to 1970-71.

DIRECTION OF IMPORTS

As is clear from the table-3, the import of OECD as a group declined considerably over the period 1970-71. The share of this group in India's imports expenditure is 59.8percent in 1970-71 (which fell to 30.2 per cent in 2011-12) The share of the group of oil exporting countries (OPEC) increased considerably over time. From 13.3 per cent in 1970-71, the share of this group in India's imports increased to 16.3 per cent in 1990-91 and further to 32.5 per cent in 2011-12. As trade relations expanded with socialist countries, the share of Eastern Europe in imports also increased considerably from 9.6percent in 1970-71 to 7.8 per cent in 1990-91 the share of Eastern Europe in imports declined considerably and was only 1.7 per cent in 2011-12. As is clear from the: Table, developing nations (particularly of Asia) have increased their share considerably in India's imports share of imports of Asia was only 3.3percent in 1970-71 which was tremendously to 25.8 percent in 2011-12. The share of import of developing countries accounted for 35.3 per cent (i.e., a little less than one-third) of India s imports expenditure in 2011-12.

The share of UK in Indian imports declined from 7.8 percent in 1970-71 to 1.5 per cent in 2011-12. The share of Japan increased from 5.1 per cent in 1970-71 to 7.5 per cent in 1990-91 but declined thereafter and stood at only 2.5 per cent in 2011-12. In 1970-71, the share of USSR was 6.5 per cent which declined to 1 percent in 2011-12. In 1975-76, USA was first, Japan second and USSR third. In 1990-91, with a share of 12.1 per cent, USA occupied the first place. It was followed by Germany with a share of 8.0 per cent (the figure is for unified Germany). Japan had the third position (share 7.5 per cent) UK and Saudi Arabia shared the fourth position with a share of 6.7 per cent each, Belgium had the fifth position (share 6.3 per cent) while USSR had the sixth position '(share 5.9 per cent).In 2011-12, China occupied the first position in India's imports (share 11.8 per cent), followed by UAE (share 7.3 per cent), Switzerland (6.6 per cent), Saudi Arabia (6.3 per cent), USA (4.8 per cent).

DIRECTION OF EXPORTS

As is clear from Table-4, OECD group accounts for a major portion of India's exports. The share of this group in 1970-71 was 58.9 per cent and in 2011-12 was 33.9 per cent. More than half of these exports were accounted for by the EU countries in 2011-12. The OPEC group accounted for 6.1 per cent of exports in 1970-71 and its share in 2011-12 rose to 16.8 per cent. Most significant was the rapid increase in exports to the countries of Eastern Europe particularly USSR. Eastern Europe accounted for 21.0 per cent of exports earnings in 1970-71 and its share declined to 17.9 per cent in 1990-91. During recent years, exports to this group have suffered a setback due to marked political upheavals in these countries and the disintegration of the USSR. In 2011-12, the share of Eastern Europe in total exports had slumped to a mere 1,1 per cent. Developing nations of Africa, Asia and Latin America accounted for 42.9 per cent of India's exports earnings in 2011-12. Most important in this group have been the countries of Asia. Exports to Asian countries accounted for 29.6 per cent of India's total exports earnings in 2011-12.

Other capitalist countries and socialist countries purchased Indian goods on a very small scale. It occupied the first place in India's exports earnings in that year followed by USA, Japan, UK and West Germany in that order. Thereafter, the position changed again and USA occupied the first position in

1986-87, 1987- 88, 1988-89 and 1989-90. The second position was occupied by USSR in all these years while the third position was occupied by Japan. In 1990-91 USSR with a share of 16.1 per cent in India's exports earning occupied the first position with USA (share 14.7 per cent) occupying the second position. Japan with a 9.3 per cent share occupied the third position. The position changed markedly thereafter due to the disintegration of the USSR. As is clear from Table- 4, exports to Russia accounted for only 0.6 per cent of exports earnings in 2011-12. In 2011-12, UAE with a share of 11.8 per cent occupied the top position. It was followed by USA (share 11.3 per cent), China (5.9per cent), Singapore (5.5 per cent), Hong Kong (4.2 per cent), UK (2.8 per cent) and Germany (2.6 per cent).

Table-1
Trends in the Direction of India's Foreign Trade: 1970-71 to 2010-11
(US\$ million)

Year	OECD countries	OPEC countries	Eastern Europe	Developing countries	Total Trade
1970-71					
Exports	7,121	741	2,000	1,718	12,088
Imports	10,265	2,277	1,639	2,967	17,155
1988-89					
Exports	8,132	823	2,317	2,344	13,970
Imports	11,833	2,609	1,344	3,697	19,497
1989-90					
Exports	9,287	1,105	3,202	2,593	16,612
Imports	12,784	3,031	1,781	3,618	21319
1990-91					
Exports	10,248	1,020	3,243	3,098	18,145
Imports	13,773	3,924	1,882	4,490	24,072
1991-92					
Exports	10,337	1,561	1,952	3,587	17,865
Imports	10,522	3,821	991	4,074	19,410
1992-93					
Exports	11,209	1,788	814	4,236	18,537
Imports	12,269	4,776	554	4,280	21,881
1993-94					
Exports	12,648	2,382	1,001	5,797	22,238
Imports	13,083	5,221	563	4,435	23,306
1994-95					
Exports	15,443	2,428	1,057	6,969	26,330
Imports	14,731	6,050	967	6,902	28,654
1995-96					
Exports	17,705	3,079	1340	9,198	31,794
Imports	19,209	7,644	1,673	8,145	36,675
1996-97					
Exports	18,601	3,228	1,098	10,036	33,469
Imports	19,456	10,142	1,102	8,426	39,132
1997-98					
Exports	19,484	3,527	1,283	10312	35,006
Imports	21335	9,404	1,114	9,626	41,484
1998-99					
Exports	19,264	3,550	1,052	9321	33318
Imports	21,859	7,765	863	11,895	42,388

1999-00					
Exports	21,106	3,895	1,292	10,460	36,822
Imports	21,364	12,850	994	14,524	49,670
2000-01					
Exports	23,473	4,850	1,317	13,012	44,560
Imports	20,157	2,688	850	11,156	50,536
2001-02					
Exports	21,622	5324	1354	13,535	43,826
Imports	20,640	2,965	946	12,776	51,413
2002-03					
Exports	26,382	6,884	1348	17,862	52,719
Imports	23301	3,479	1,139	15,688	61,412
2003-04					
Exports	29,629	9344	1355	22,784	63,842
Imports	29372	5,609	1,628	20,567	78,149
2004-05					
Exports	36,494	13,207	1,780	31397	83,535
Imports	39,989	10,022	2,514	28,604	1,11317
2005-06					
Exports	45,836	15342	1,980	39,736	1,03,090
Imports	51,796	11,171	3,793	37,890	1,49,165
2006-07					
Exports	53,056	20,953	1,554	50,417	1,26,414
Imports	65,439	56374	3,922	59,189	1,85,735
2007-08					
Exports	64,272	26,989	1,836	69,171	1,62,904
Imports	89,048	77310	3,813	79360	231,439
2008-09					
Exports	68,452	38,872	2,012	68345	1,82,799
Imports	96,387	97,487	6,611	96,858	2,98,833
2009-10					
Exports	64,141	37,648	1,793	70,099	1,78,751
Imports	94,143	92,360	6,157	93,716	2,88,372
2010-11					
Exports	84,600	54,733	2,973	1,05,693	2,54,402
Imports	1,05302	1,19,117	5,606	1, 15,239	332,575

Source: Reserve Bank of India, Handbook of Statistics on the Indian Economy, 2010-11.

Table-2
Percentage Distribution of India's Exports and Imports 1950-51 to 1969-70
(In percent)

	EXPORTS			IMPORTS		
	1951-52	1960-61	1969-70	1951-52	1960-61	1969-70
By Regions						
I. America	28.2	21.6	19.1	36.3	31.5	34.8
(Z) North America	20.9	18.6	18.7	35.8	31.0	34.1
(ZZ) Latin America	6.4	2.7	0.3	0.5	0.2	0.7
(ZZZ) Other American countries	0.9	0.3	0.1	—	0.3	—
II. Europe	36.8	45.1	42.7	31.5	43.9	37.2

a. Western Europe	33.9	35.7	20.1	30.5	39.6	19.1
(Z) E.F.T.A.	28.0	27.9	13.0	21.5	22.1	8.2
(ZZ) E.C.M. *	5.9	7.8	7.1	9.0	17.5	10.9
/?. East European Countries	1.2	7.8	21.8	0.6	3.9	18.0
III. Asia & Oceania	27.8	26.0	32.0	22.7	18.6	19.0
A. ECAFE/ESCAP Countries	24.6	22.3	26.7	19.1	16.2	16.6
B. Other Asian Countries	3.2	3.7	5.3	3.6	2.4	2.4
IV. Africa	7.2	7.3	6.3	9.5	6.0	9.0
AH Countries	100.0	100.0	100.0	100.0	100.0	100.0
By Countries						
U.S.A.	18.6	15.8	16.8	33.6	29.2	29.4
U.K.	26.8	26.9	11.7	18.5	19.3	6.4
W. Germany	1.2	3.1	2.1	3.2	10.9	5.3
USSR	1.0	4.5	12.5	0.2	1.4	10.9
Japan	2.2	5.5	12.7	2.9	5.5	4.3
Australia	6.6	3.4	1.7	2.0	1.6	2.0
Canada	2.3	2.8	1.9	2.8	1.8	4.7
Iran	0.6	0.9	1.7	3.3	2.7	5.3
Total	59.3	62.9	61.1	65.9	72.4	68.3

Source: Commerce, Annual 1971

Table-3
Direction of India's Imports 1970-71 to 2011-12
(in percent)

Sr. No	Countries	1970-71	1990-91	2010-11	2011-12
I.	OECD of which:	59.8	54	30.6	30.2
	1. EU	19.6	29.4	12	11.7
	(a) Belgium	0.7	6.3	2.3	2.1
	(b) Germany	6.6	8	3.2	3.2
	(c) U.K.	7.8	6.7	1.5	1.5
	2. USA	27.7	12.1	5.4	4.8
	3. Switzerland	0.7	1.1	6.7	6.6
	4. Japan	5.1	7.5	2.3	2.5
II.	OPEC of which:	13.3	16.3	33.5	32.5
	1. UAE	—	4.4	8.8	7.3
	2. Iran	—	0.3	3	2.8
	3. Saudi Arabia	1.5	6.7	5.5	6.3
III	Eastern Europe of which:	9.6	7.8	1.5	1.7
	1. Russia*	6.5	5.9	1	1
IV.	Developing Nations of which:	17.3	18.6	33	35.3
	Asia	3.3	14	27.1	25.8
	(a) China	—	0.1	11.8	11.8
	(b) Hong Kong	0.1	0.7	2.5	2.2
	(c) South Korea	—	1.5	2.8	2.7
	(d) Singapore	—	3.3	1.9	1.7
	(e) Malaysia	0.4	2.3	1.8	1.9
V	Other	0.5	1.4	1.0	1.0
	Total	100.0	100.0	100.0	100.0

* Refers to former USSR before 1992-93.

Source: Computed from (1) Reserve Bank of India, Report on Currency and Finance, Various issues, and (2) Reserve Bank of India, Handbook of Statistics on the Indian Economy, 2011-12, (Mumbai, 2012), Table 135, p. 221.

Table-4
Direction of India's exports
(in percent)

		1970-71	1990-91	2010-11	2011-12
I.	OECD of which:	58.9	53.5	33.2	33.9
	1. EU	21.6	21.8	18.3	17.2
	(a) Belgium	1.3	3.9	2.3	2.3
	(b) Germany	2.1	7.8	2.7	2.6
	(c) U.K.	11.1	6.5	2.9	2.8
	2. USA	13.5	14.7	10.1	11.3
	3. Switzerland	0.5	1.2	0.3	0.4
	4. Japan	13.3	9.3	2	2.1
II.	OPEC of which:	6.1	5.6	21.3	16.8
	1. UAE	0.4	2.4	13.4	11.8
	2. Iran	—	0.6	1	0.8
	3. Saudi Arabia	2.5	1.3	1.9	1.9
III	Eastern Europe of which:	21	17.9	1.1	1.1
	1. Russia	13.7	16.1	0.7	0.6
IV.	Developing Nations of which:	14.2	17.1	38.2	42.9
	Asia	10.8	14.4	27.9	29.6
	(a) China	—	0.1	6.1	5.9
	(b) Hong Kong	1.1	3.3	4.1	4.2
	(c) South Korea	—	1	1.5	1.4
	(d) Singapore	—	2.1	3.9	5.5
	(e) Malaysia	0.8	0.8	1.5	1.3
V.	Others	4.2	2.9	4.8	5.4
	Total	100.0	100.0	100.0	100.0

Source: Computed from (1) Reserve Bank of India, Report on Currency and Finance, Various issues, and (2) Reserve Bank of India, Handbook of Statistics on the Indian Economy, 2011-12, (Mumbai, 2012), Table 135, p. 221.

CONCLUSION

There is a drastic change in direction of foreign trade of India after the reforms, the main focus of liberalization; globalization and privatization with export promotion activity have been significant. The study reveals that the trade policy reforms proved a mixed bag of success and failures on India's foreign. The share of imports of India was 59.8 percent in 1970-71 from OECD countries was declined to 54 percent in 1990-91 again declined to 54 percent in 2010-11 further which declined to 30.2 percent in 2011-12 i.e in post-reform period. The share of imports from OPEC countries during pre-reform period which rose to 32.5 present in post-reform period. The study further reveals that the share of imports from developing countries was 17.3 percent 1970-71, which increased to 18.6 percent in 1990-91 and rose to 35.3 percent in 2011-12. Share of imports from Eastern Europe was 9.6 percent in 1970-71 which decline to 7.8 percent in 1990-91 and again declined to 1.7 percent in 2011-12. It has been observed from the study that an import of developing countries is a little less than one third of India's imports expenditure in 2011-12. During post-reform period, share of imports of OECD countries is declining but share of import of OPEC countries and developing countries is increasing gradually. Exports performance improved significantly during the post-reform period and there has been a perceptible change in the direction of India's exports. Though the volume and value of exports has increased manifold, India's share in the world exports is still not up-to the expectation. The share of manufactured goods as well as the proportion of high value and differential products, petroleum products has increased in India's export basket reflecting that Indian economy is being diversified and

non-traditional items of exports are gaining importance. The most remarkable change in the direction of India's exports during post-reform era has been the increasing share of developing countries, OPEC, Latin America, Africa and Asia.

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