

Indian Export: An Overview since 1991.

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Abstract

Indian's economic structure today presents a distinctly different picture from what is was in 1991 when economic reform started. In 1991 our foreign exchange reserves had depleted substantially. We then had just enough reserves to tide over the import requirement of three weeks. It was in this context that gradually started dismantling its quantitative restrictions, partially liberalized its exchange rate and reduces the peak rate of customs duties. The strategy of reforms introduced in India in July 1991 presented a mixture of macroeconomics stabilization and structural adjustment. It was guided by short-term and long-term objectives. The major policy initiatives taken by the Government were – Fiscal Reform, Monetary and financial Sector reform, Reforms in Capital Market, Industrial Policy Reforms, Trade Policy Reform, Promoting Foreign investment and Rationalization of Exchanges Rate Policy.

Keywords: Reforms, Exchanges Rate, Trade Policy Foreign Investment, Capital Market, Monetary, Industrial Policy

Introduction

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The average duty on all product stands reduce from over 70% in 1991-92 to 12% in 2008-2009. However, at the same time the whole world was moving towards globalization and integration. For India, The period since 1991 has been characterized by substantial changes in economic environment both domestically and externally. Economic environment in India undergone qualitative changes as the import substitution inwards oriented development strategy has been replaced with export promotion outwards oriented strategy with implementation of economic reform in every sector of economy and particularly in external sector. The strategy of reform introduced in India in July 1991 presented a Mixture of macroeconomic stabilization and structural adjustment. It was guided by short-term and long term objectives. The major policy initiatives taken by the Government were Fiscal Reform, Monetary and financial Sector reform, Reforms in Capital Market, Industrial Policy Reforms, Trade Policy Reform, Promoting Foreign investment and Rationalization of Exchanges Rate Policy.

Methodology

In order to complete this work, the Researcher used both primary data as well as secondary data. Primary data were collected through information schedule. The Researcher also interviewed a few players of export trade.

The Researcher also interviewed other intellectuals, academicians, etc. in this regard to find out their views regarding the different aspects of Indian exports. For secondary data, the Researcher consulted publications including books, journals, and annual reports, etc. The news published in magazine, daily and weekly news-papers were also considered in the study.

Hypotheses

The research work is based upon different aspects of the Indian Export. After the implementations of the New Economic Policy in 1991 the growth of private sectors is found more in respect to the public sector organizations. It was assumed that the level of Indian Exports in private sector undertakings is higher in respect to the public sector undertaking due to influence of different problem.

Justification of the Study

The year 1991 was a hallmark in the economic history of India with emergence of the very concept of Globalization. The Globalization is not a new thing or policy for India. Through for thousands of years, people-and later corporation have been buying from and selling to each in hands at great distances, such as through the famed silk road across central Asia that connected India, China and Europe during the middle ages. But the current wave of globalization has been driven by the policies that have opened economic domestically and international during the past two decades many governments have adopted free- market economic systems vastly increasing their own productive potential and creating myriad new opportunities for international trade and investment.

Findings of the Study

Total 120 respondents were interviewed by the Researcher and they shared their views about different aspects of Indian exports which are analyzed below:

- About 94% respondents were feeling tariff barriers in the exports. So the tariff barrier in the export is a major problem in the growth of Indian exports.
- Approximate 68% respondents were feeling problem due to administrative policies. It means the administrative policies as well as practices is also an important problem related to the Indian export.
- In case of devaluation of Indian currency in respect to other currencies exporters feel problem to manage their exports or imports.

- Maximum exporters also feel norms and ethics challenges to continue their exports in the era of globalization where there is a great competition in the markets and everyone tries to sell his product anyhow.
- Majority of exporters are facing impact due to market dynamics in the era of globalization due to free trade. About 98% respondents highlighted such problem.
- Approximate 55% respondents were feeling religious diversities in export either wholly or partially. It indicates that the religion of customers also influences the import or export of goods as well as services.
- Maximum respondents have no knowledge of language of other countries. The country in which Hindi or English has not popularity, the exporter feels more problem of language to continue their trade. About 67% respondents highlighted such problem.
- The geographical diversities is also an important problem in export and approximate 73% of respondents accepted that they feel problem due to geographical diversities.
- All respondents are feeling problem due to Political Instability or Environment of the country in which they export goods or services.
- About 54% respondents do not feel problem due to Terrorism and Racism in export but about 46% respondents feel problem due to Terrorism and Racism in export.
- Most of the respondents feel problem due to Custom Duty in export. It means custom duty is also an important barrier in promotion of export in India.
- About 96.5% respondents feel problem due to Export Credit in the export of goods or services. It means export credit is also an important factor to improve the export quantitatively.
- Approximate 63% respondents feel problem due to lack of Information in the export of goods or services. They have limited knowledge about demand as well as the cost of production of competitors' organizations.
- Information Jealousy is a vital problem before the Indian exporters due to which they suffer several times and misuse their time and money.
- Majority of the respondents have no problem due to affected by weather and climate in the export. At present time the modern packaging, transportation, warehousing, etc. are able to keep the exported goods safe due to which the affected by weather and climate in the export was found minimum as a problem. However the exporter of agro-based products have problem which needs solution.
- Approximate 80% respondents do not feel problem due to changing ecological environment and global warming in the export of goods or services but about 20% feel problem which also needs solution.
- More than 95% respondents opined in the favor of problem due to inappropriate or inadequate role of international agencies supporting and regulating international trades in the export of goods or services. It may be considered as crucial problem by the government in favor of exporters as well as promotion of Indian export.
- More than 50% of the respondents feel problem due to natural and man-made calamities in the export of their goods or services. In the era of globalisation, the manufacturers try to sell their product even through unethical way to earn more profit.

So, it is obvious to raise problem due to natural and man-made calamities in the export.

- About 78% respondents feel problem due to difference in currencies, weights, standards, measures, and marketing methods in the export. There should be uniform pattern at international level only for the export.
- Difference in laws in different countries is also a problem in export. There should be a separate and similar guideline in all globalised nations for export and import.
- About 54% respondents feel problem due to difficulty in payment of price of goods or services in the export. There is credit system in payment also. Some customers have tendency of delay payment and some try to pay after sell of the goods.
- About 67% respondents feel problem due to low labor productivity in the export. It is found that low labor productivity enhances per unit cost of production also and in such situation the exporters have to face more competition during sell of goods.
- Dumping of manufactured goods is also a problem before the exporters. About 52% respondents accepted that sometime dumping is considered as crucial problem for exporters.
- About 62% respondents feel problem due to poor technology in the export of goods or services. There are important role of technology in reduction of per unit cost of production and enhancement of quality of product which have very much significance in export.
- Some respondents also feel problem due to patent (high payment of royalty) in the export of goods or services. About 42% respondents accept patent (high payment of royalty) as problem in the export.

Conclusion and Suggestions

The exporters face different types of problems to continue their export to other countries of the world. It is quite clear that due to face problems by exporters the percentage of Indian export is gradually decreasing. Besides these problems there are some other problems like-Laziness; Protectionist approach of some countries; Economic crisis across the globe; More Risk; Government Control; Evil Effects of Foreign Trade; Disadvantages to Agricultural Countries; One-sided development of the country; etc. which are also responsible to influence the Indian export since 1991 or after globalization.

Some important suggestions considering the better prospects of Indian exports which are as follows:

1. The tariff barrier in the export should be minimized or liberalized in favor of the growth of Indian exports.
2. The administrative policies should be more transparent and clarified for export of different types of goods and services. Also the evil practices of administration should be checked.
3. A limited foreign currency should be allotted by the Central Government to exporters considering their level of exports or imports to different countries.
4. Development program on business ethics and norms for exports of different goods and services should be incorporated as provision in foreign trade policy by the government and also proper arrangement should be made.

5. Adequate information or knowledge of market dynamics should be provided to the exporters by the government authority. In this regard a committee of experts of marketing or international business should be constituted by the government for training of the exporters.
6. The traders or exporters should be educated about norms, values, folkways, customs, culture, needs, preferences, habits, languages, expectations, buying capacities, buying and consumption patterns of customers of different countries in which they export their goods or services.
7. It should be determined as criteria that the exporter or any managerial staff of the exporter must have knowledge of the language of that country in which he exports any goods or service.
8. It should be provision in foreign trade policy that the government will allow for export of goods or services to any country considering the religion of mass peoples of the country.
9. The provisions regarding custom duty in export should be liberalised and made easy as well as transparent to consider the pain of traders in the country.
10. Information and special protection should be provided by the government to exporters considering the situation of terrorism and racism.
11. Indian trade policy should be regularly modified for export of goods or service to any country considering the political instability or environment of that country.
12. Special tax relaxation and preference should be provided by the government for improvement of export of the product of agro-based industries and small scale industries
13. Special package should be declared and made available by the government for export credit so that the exporters should not feel problem and continue their export in regular manner.
14. The problem of Information Jealousy in the export of goods or services should be regularly clarified by the government to provide responsibility to Information and Broadcasting department.
15. Special initiative should be made by the government regarding active role of international agencies in supporting and regulating international trades in the export of goods or services.
16. Special preference should be given to those Indian industries which are producing new quality or variety of goods for export considering the social trends, changes public opinions, income enhancement, attitudes and lifestyles.
17. A limit should be fixed regarding export of goods manufactured by multinational company which are established in the country in post globalization period.
18. Special training and development program should be started to improve the marketing or export skills of the exporters time to time so that they could be able to formulate new strategy or develop innovative ideas for exports.
19. Insurance scheme should be implemented regarding the recovery of dues payment of the Indian exporters by the government.

20. Such industrial establishment should be restricted which are not using the machines of latest technology and have not system of quality improvement considering the labor productivity.
21. Warehousing or go-down capacity should be prescribed by the government for that industrial organization which are manufacturing or producing seasonal goods considering the promotion of export.
22. The patent system should be opposed by the government at international level for globalised nations.

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