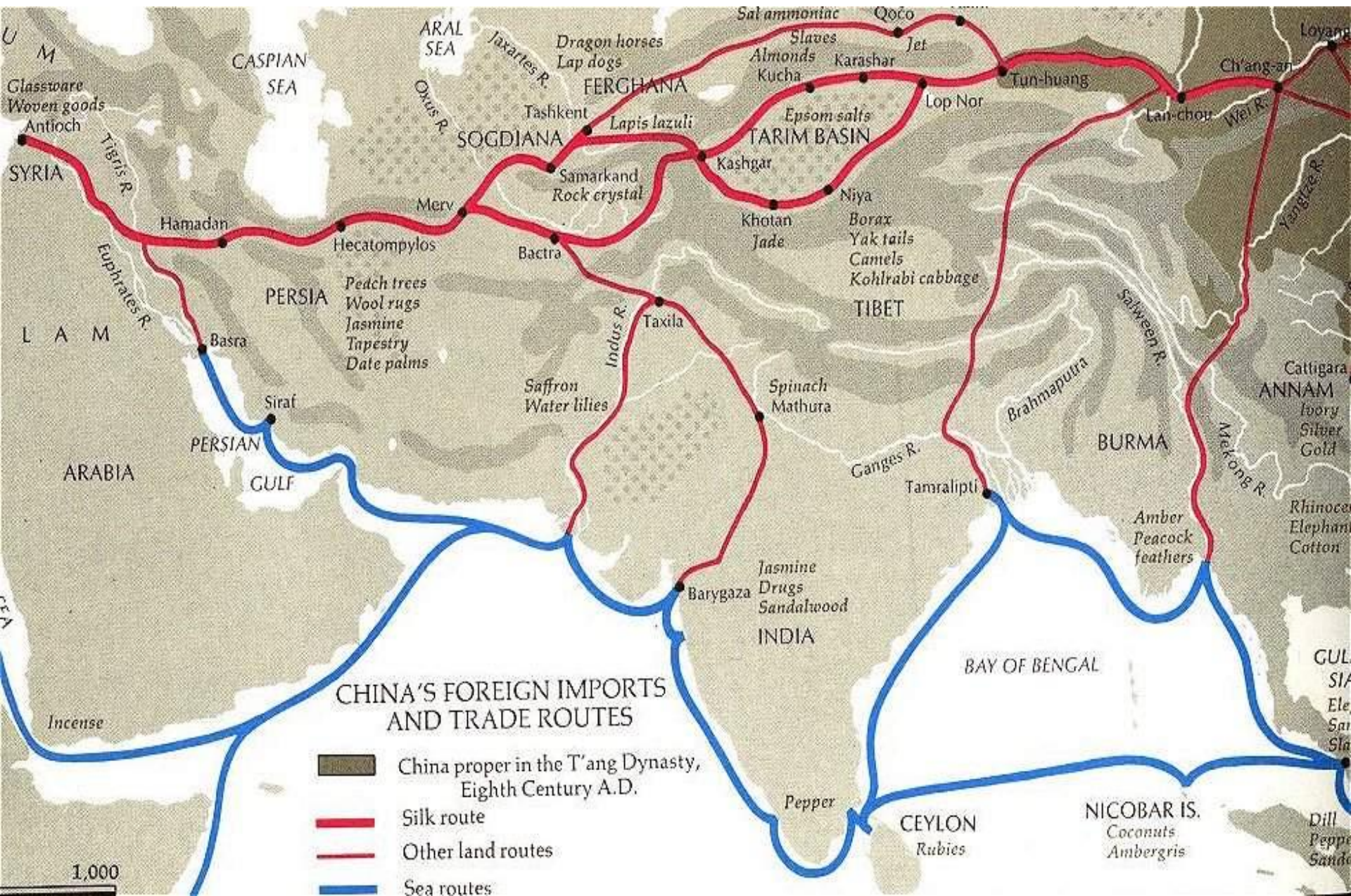


India Foreign Trade Policy

By :
Sayed Mostafa Mostafavi

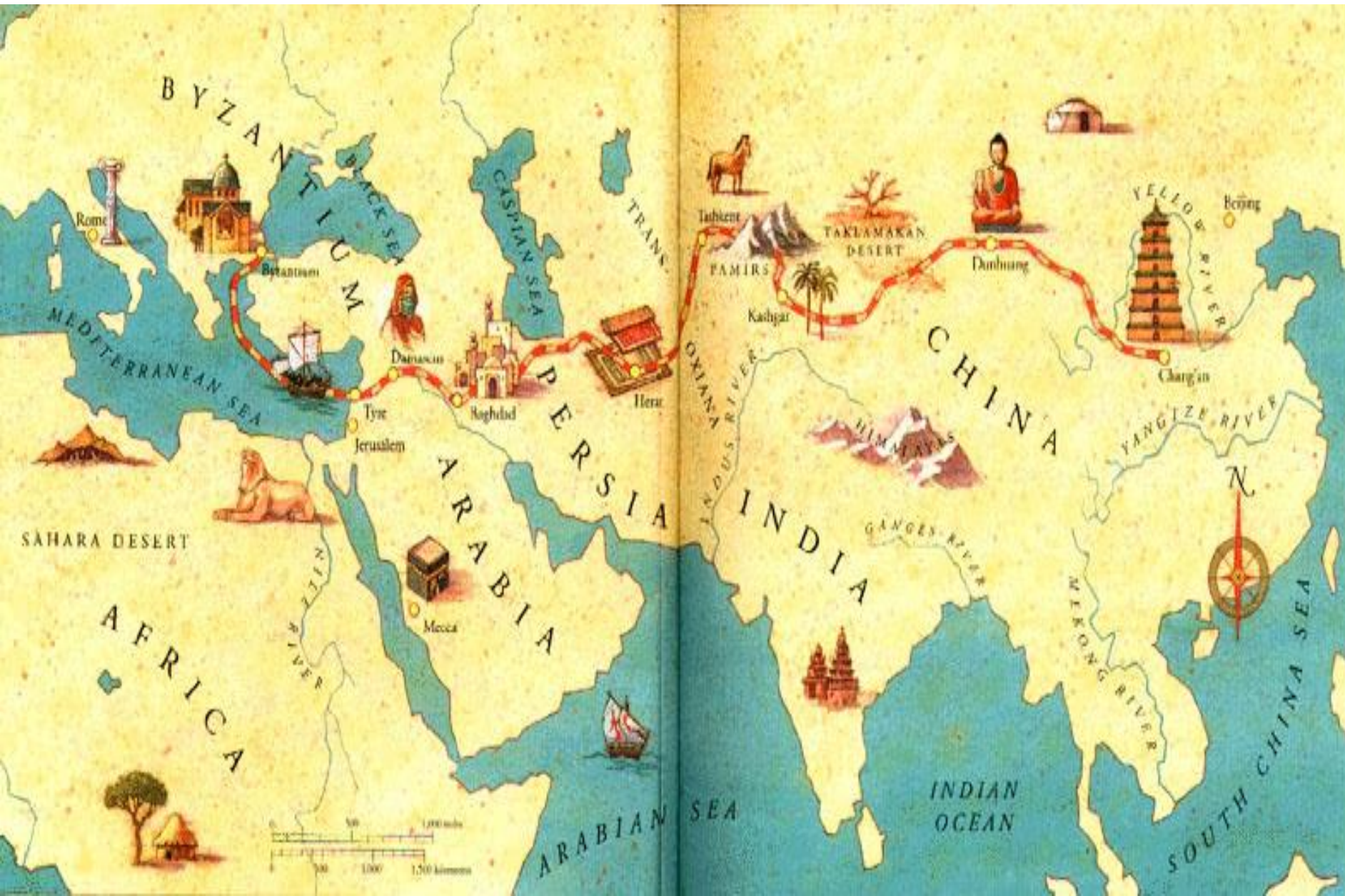
India on the side of silk road



India on the side of silk road

- India is located on the side of the Silk Road
- India was famous and special about spicery
- traders from all around the world searching proper way to reach India's special goods and Columbus in the way of reaching to India found himself in new lands that named America later on.
- In Prophet Mohammad (peace be upon him) time (about 6th century CE) also it is reported that the Arab traders used under Iranian control Yemen's ports to import Indian goods from the sea routes and then they re-export it to Syrian land (the Rom emperor) and it is reported that Prophet Mohammad also accompanied one of this caravan that its owner was Khadija bint Khuwaylid who became his wife and latter on spent all her wealth for expanding Islam; So as it clear India was the destination of world trader long time in history.

India on the side of silk road



Indian Marian Trade position

- **Indian coastline with nearly 6000 KMs is one of the strong point of this country and make them India as Ancient maritime trading nation.**
- **Bay of Bengal was once known as CHOLA LAKE**
- **70% of international trade is over the seas For India, it is 90%**
- **India has 12 major ports and more than 180 smaller ones**
- **All ports of India together handled 519 million tons of cargo during the fiscal year ended March 2008**
- **Growth rate of 12%**
- **All Indian ports in 2005 -06 together handled cargo of 423.3 million tons**
- **Singapore port in the same period handled 423 million tons of cargo**

India Imports situation during last 60 years

Over the last 60 years, India's foreign trade has a complete change in term of composition and direction.

India imports increased because of necessity of capital goods (one of the world destination), defense equipment (now first in the world), petroleum products (always affected by it), and raw materials (during B.R change to it).

India exports and Import 2000-12

Year	Exports	Imports	Balance of trade	Total Trade
2000-01	44.5	50.5	-6	95
2001-02	43.8	51.4	-7.6	95.2
2002-03	52.7	61.4	-8.7	114.1
2003-04	63.8	78.1	-14.3	141.9
2004-05	83.5	111.5	-28	195
2005-06	103	149.1	-46.1	252.2
2006-07	126.2	185.6	-59.4	311.8
2007-08	162.9	251.5	-88.6	414.5
2008-09	185.2	303.6	-118.4	488.8
2009-10	178.7	288.3	-109.6	467
2010-11	251.1	369.76	-118.66	620.8
2011-12	303.7	488.6	-184.9	792.3

India Exports situation during last 60 years

During the last 60 years, India's foreign trade in the term of exports remained relatively slow-moving due to:

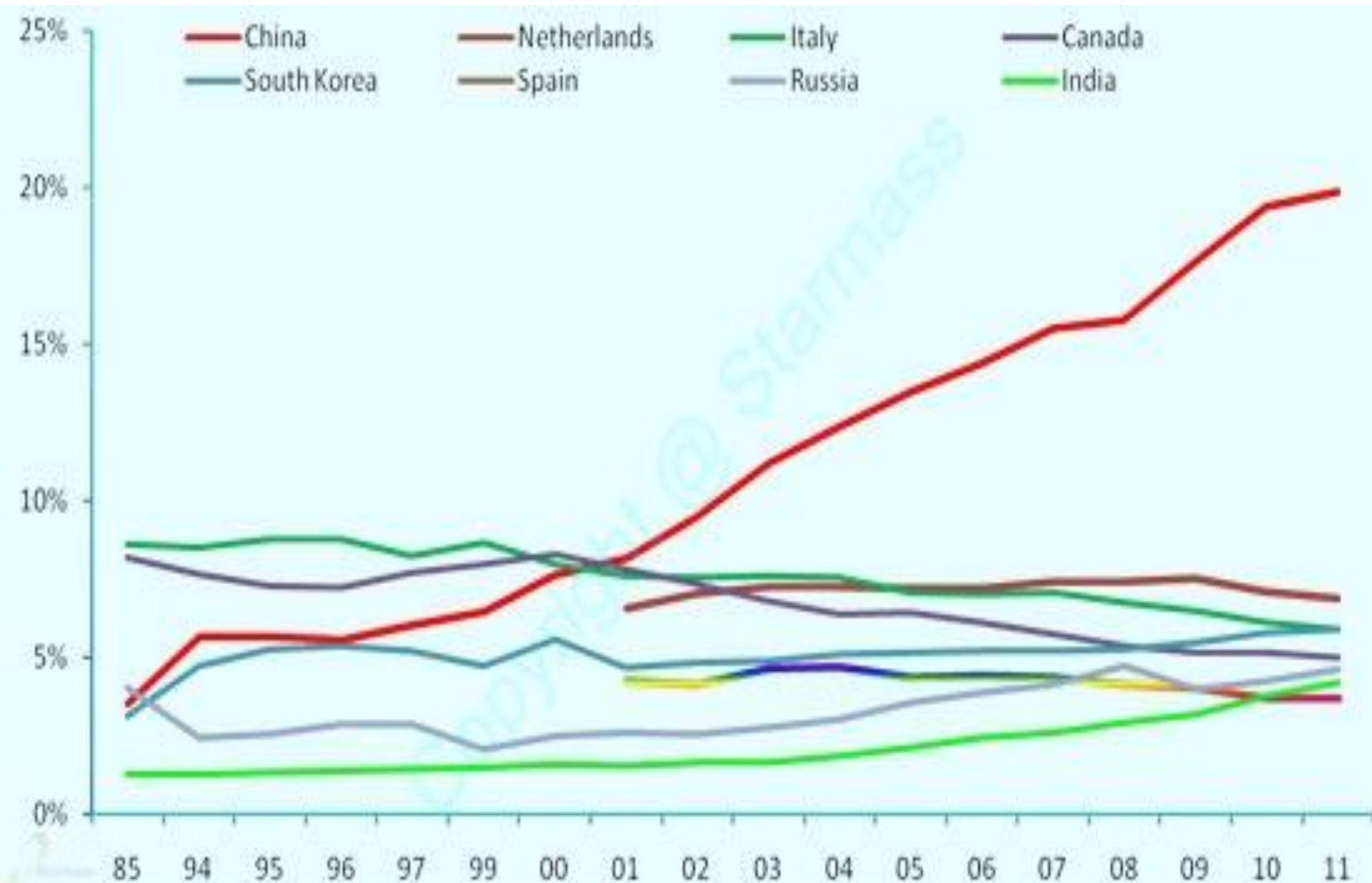
- 1- lack of exportable surplus,**
- 2- competition in the international market,**
- 3- inflation at home,**
- 4- increasing protectionist policies of the developed countries.**
- 5- Worldwide inflation,**
- 6- hikes in oil prices,**

High share in world trade

Practically foreign trade will show itself in the shape of countries Import and export (commodity in the history and now capital).

And the major goal of every country as well as India is achieving high share in world foreign trade.

Indian position in world Trade 1985-2011



India Trade with Asia

Kamal Nat (Union Minister of Commerce and Industry):

(a) Since 1991, India's trade with the 10 largest Asian trade partners had grown at rapidity ranging from four-fold growth to sixteen-fold. Already, the Asian region accounts for 45 percent of India's external trade;

(b) The growth in India's trade was the fastest with China and ASEAN as compared to any other region.

India's bilateral trade with ASEAN grew from 4 billion dollars a decade ago to 20 billion dollars last year (2005), and with China, from 1 billion dollars to 15 billion dollars during the same period; and

(c) A recent IMF study showed that India today trades more with East and South East Asia than it does with the rest of the world.

Chart-7.2

Region - wise share of India's Import (Apr-Sep, 2010-11)

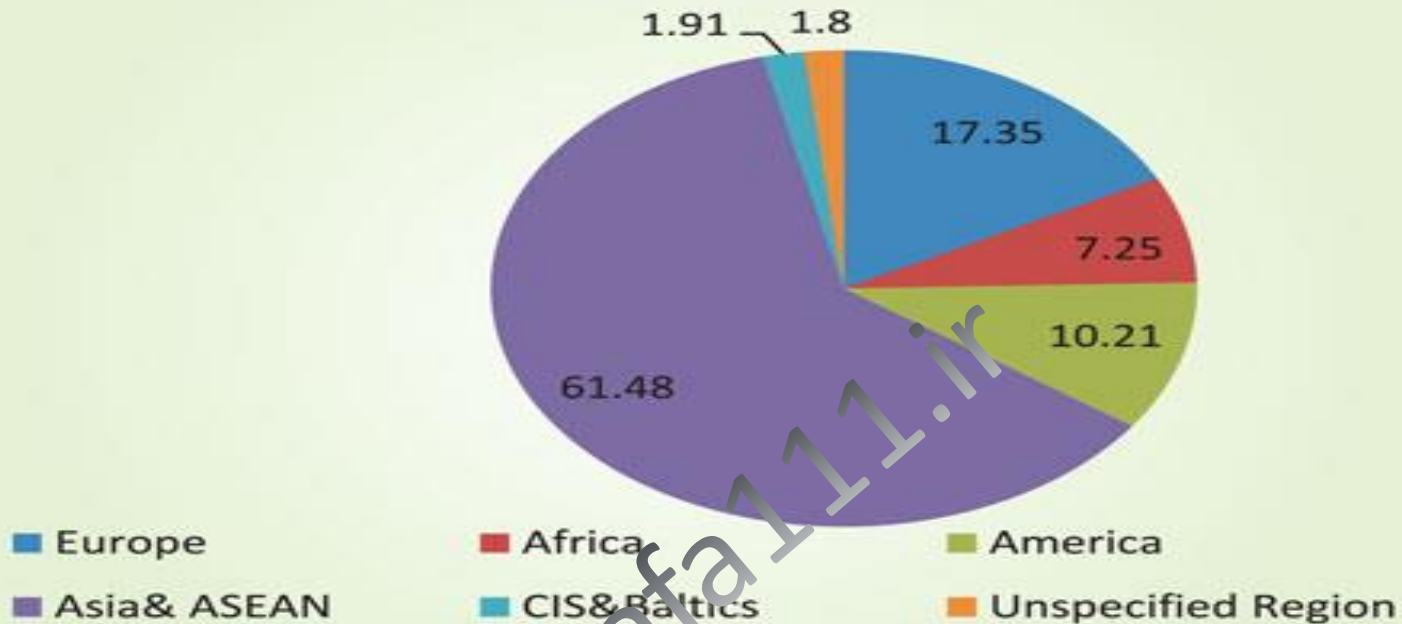


Chart-7.3

India's trade with major regions of the World (Apr-Sept, 2010-11)



Table 7.1
India's Trade with ASEAN Member Countries

Value in US\$ Million

Latest Trade figure for the ASEAN									
Country	2008-09			2009-10			2010-11(P)		
	Exports	Imports	Total Trade	Exports	Imports	Total Trade	Exports	Imports	Total Trade
Brunei	17.64	397.52	415.16	24.43	428.65	453.08	10.65	85.87	96.52
Cambodia	46.9	2.72	49.62	45.54	5.05	50.59	28.08	3.35	31.43
Indonesia	2559.82	6666.34	9226.16	3059.52	8551.62	11611.14	2242.07	4301.66	6543.73
Lao PDR	9	0.53	9.53	16.93	20.05	36.98	2.39	0.13	2.52
Malaysia	3419.97	7184.78	10604.75	2835.38	5176.24	8011.62	1989.96	2929.93	4919.89
Myanmar	221.64	928.97	1150.61	207.97	1289.35	1497.32	129.87	610.72	740.59
Philippines	743.77	254.77	998.54	748.71	312.71	1061.42	371.47	204.96	576.43
Singapore	8444.93	7654.86	16099.79	7568.29	6163.91	13732.2	4643.38	3488.34	8131.72
Thailand	1938.31	2703.82	4642.13	1740.1	2930.13	4670.23	1088.47	1976.11	3064.58
Vietnam	1738.65	408.66	2147.31	1838.87	521.8	2360.67	1102.12	449.72	1551.84
ASEAN	19140.63	26202.97	45343.6	18085.74	25399.51	43485.25	11608.47	14050.8	25659.27
India's total Trade	185295.36	303696.31	488991.67	178662.17	286822.8	465484.94	105351.89	161449.28	266801.17
Trade with ASEAN as %age of total	10.33%	8.63%	9.27%	10.12%	8.86%	9.34%	11.02%	8.70%	9.62%

India Trade policies

- **Signing Free Trade Agreements as a goal for Indian policy makers.**
- **Facilitating high share of Indian Goods and Services in the International market; now India is among the top ten in services exports.**
- **India wants to be a Global hub for Manufacturing, Trading & Services;**
- **Bring down business cost- Simplified procedure,**
- **Unshackling of controls, built-in transparency & mutual trust**
- **Special Focus area Initiatives;**
- **Facilitating Technological & Infra-structural up gradation;**
- **India is trying to diversify its export basket and share in the top items of the world trade.**

English language as Indian strong point

“By 2010 India will have world’s largest number of English speakers”

Professor David Crystal - Cambridge Encyclopedia of the English Language

Increase in export value

During 1950-60, the value of world exports becomes double.

In the next 10 years it increased nearly 2 ½ times.

During 1970s, the value of the world exports increased by about 5 ½ times.

. During 1980-90, the value of world exports increased by 80%.

Between 1990- 2000, it increased by over 90%.

During 2011-12, India's overall exports grew 21%.

What India should do

For confronting with world trade problems India needs:

- 1) Stable Policy environment
- 2) Fiscal incentives
- 3) Diversification of export markets
- 4) bureaucratic rationalization
- 5) Institutional changes

Huge deficit of India Export and Import

Indian trade deficit is widening due to:

- huge imports of oil and gold .**
- Imports are rising at faster rate than exports**
- Increase in consumption requirements**
- Need for key industrial raw materials**
- Poor competitiveness of India's exports both at the cost as well as price front**

FTP of 2009-2014

- The short term is to provide additional support to those sectors which have been hit badly by recession in developed countries.
- The medium term objective is to achieve an Annual Export growth of around 25% by 2014 and to double India's exports of goods and services by 2014.
- The long term objective is to double India's share in Global Trade by 2020.
- a target of \$500 billion exports in the terminal year.