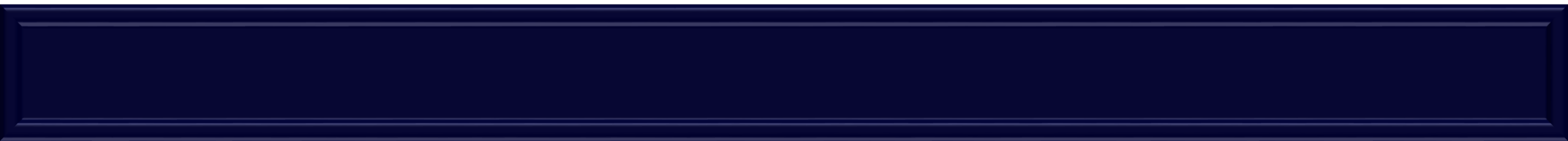
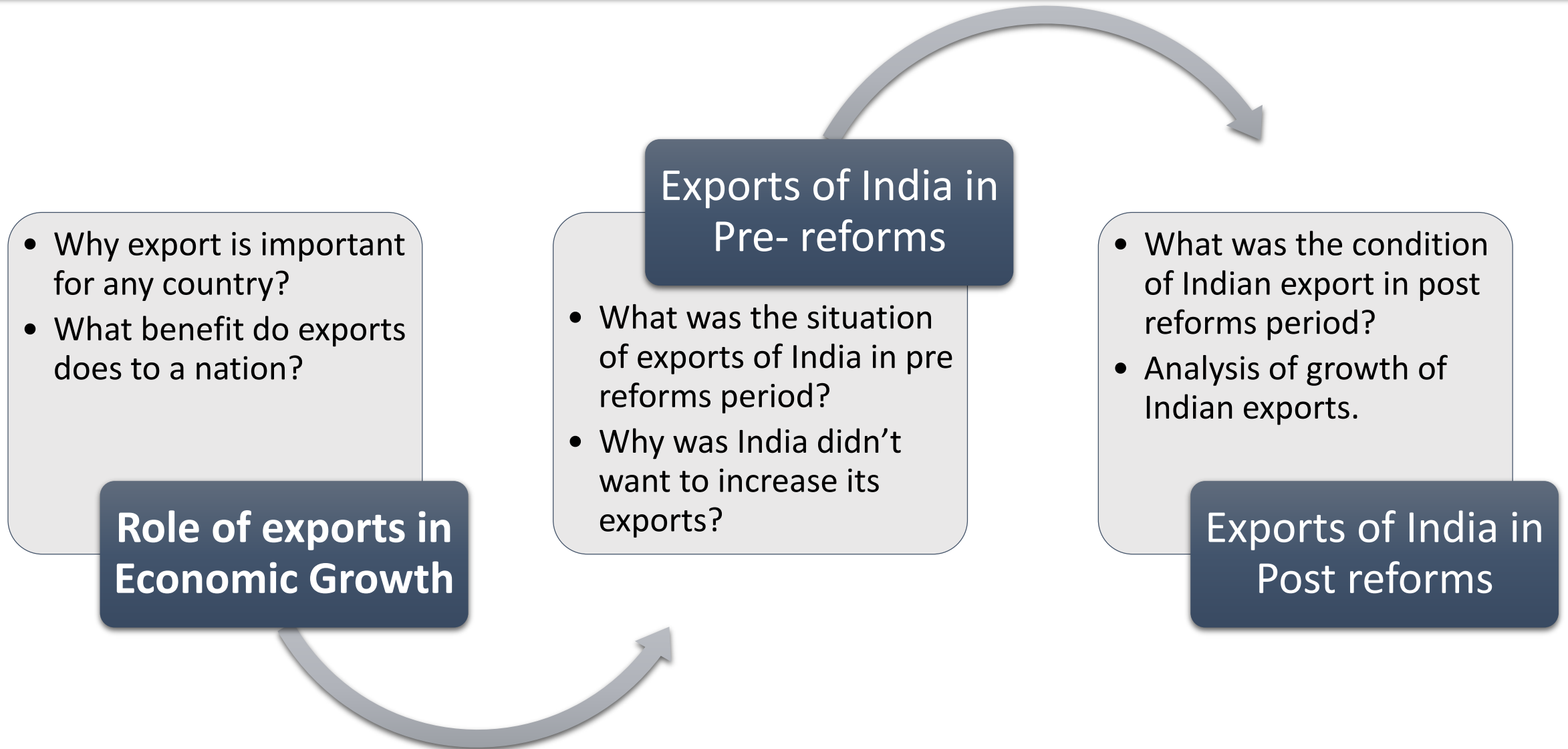


# EXPORTS

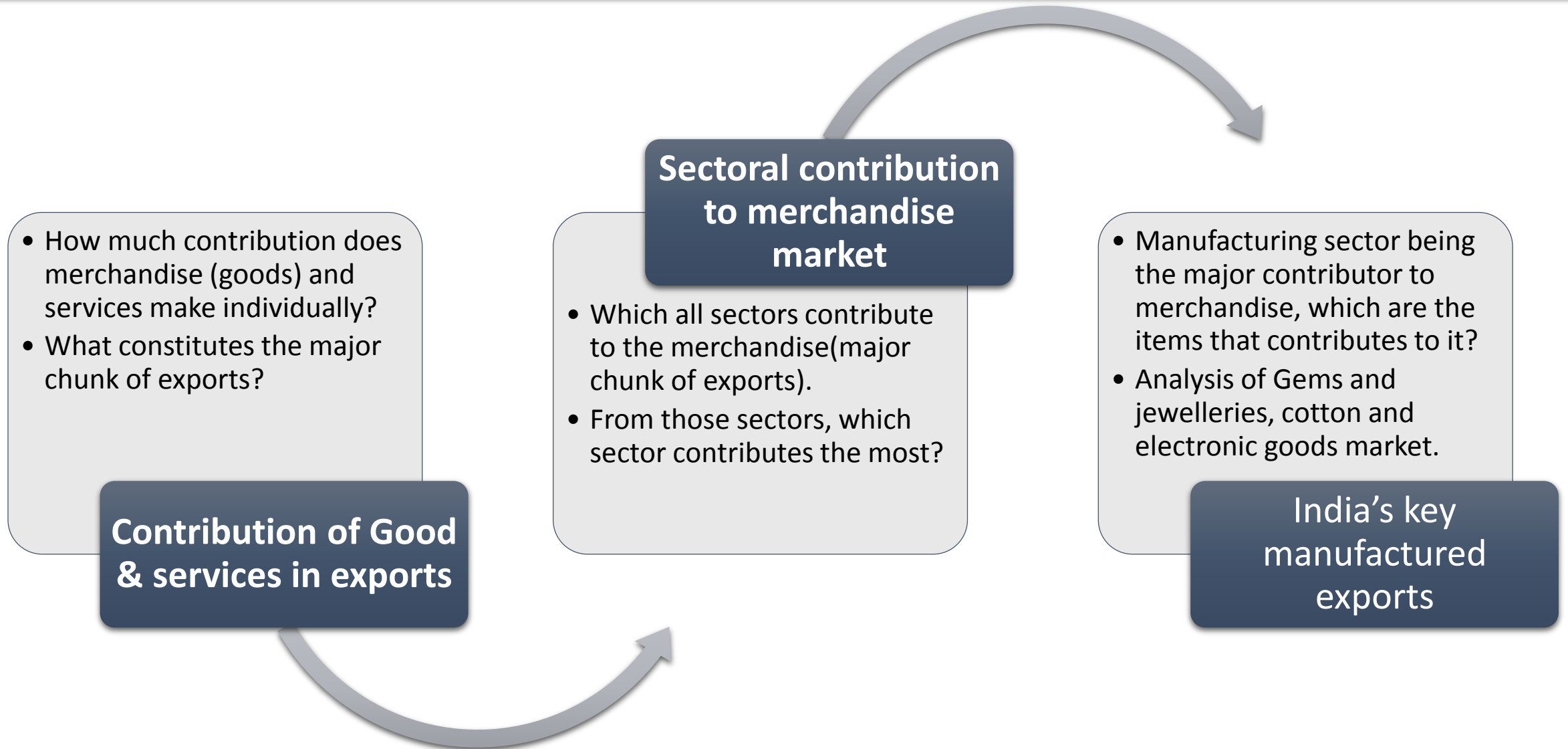
TRENDS IN INDIA



# Flow of the presentation



# Flow of the presentation



# ROLE OF EXPORTS IN ECONOMIC GROWTH

# Role of Exports in Economic Growth

- Export plays a major role in economic development of any nation.
- Provides Employment: If exports are more that means that demand of those products are more in international market. And if demand increases, more supply need to be generated which in turn increases the production, which needs more labour. This results in increased employment.
- Simulates consumer spending: If exports increases, the inflow of the funds increases. This simulates the consumer to spend more. This also increases the life style of people.
- Increase Competitiveness: If exports increases than that means that international demand is increased. Thus, it means that we are good competition in the market to other countries.
- Increase in Exchange rates: When exports increases, the value of money of that country w.r.t other country increases. This means that there happens increase in exchange rates.
- **Note: Increase in exchange rate may hamper the trade. Thus, its very important to maintain the balance between imports and exports. Which can be termed as Balance of Trade.**

# INDIAN EXPORTS IN PRE-REFORMS

# Indian Exports in the Pre-reforms period

	EXPORTS(Avg. annual growth rate )	IMPORTS(Avg. annual growth rate )	EXPORTS (% of GDP )	IMPORTS (% of GDP)	Share of Indian exports in world (%)
1951-1960	0.7	8.6	6.3	8	1.4
1961-1970	4.6	0.3	4.2	5.8	0.9
1971-1980	6.8	8.7	5.8	6.7	0.5
1981-1990	6.1	3.9	6.5	8.4	0.5

- In pre reforms period, the exports of India were not much.
- India did not export much of the goods and services in the pre reforms period.
- The % GDP of exports were 6.5% in 80's whereas % GDP of imports were 8.4%.
- And total share in international market was only 0.5% in 80's.

# Reasons

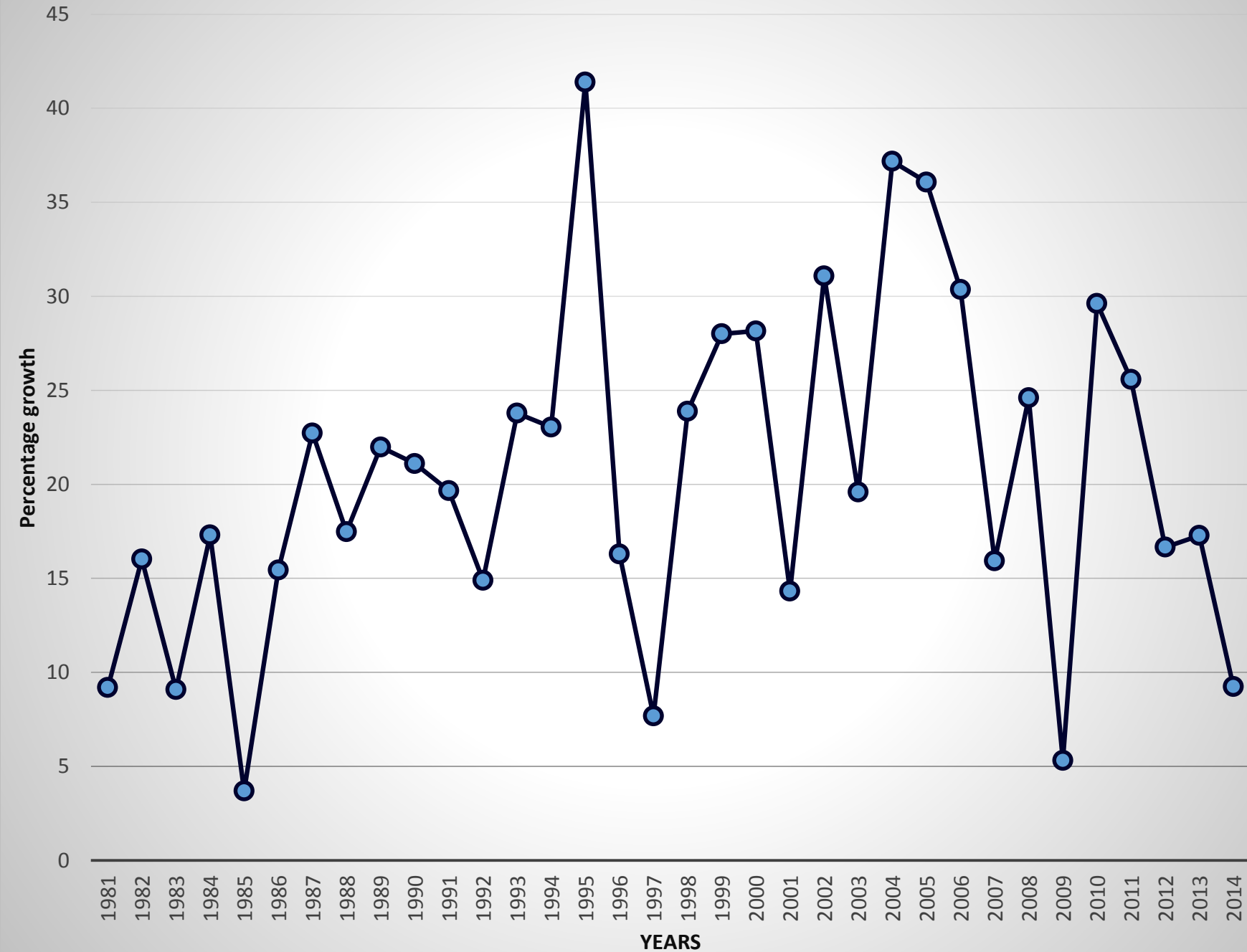
- In pre reforms period, India wasn't much flexible for the exports or the international trade.
- India reliance was much on domestic factors for the growth and had aversion on international trade due to which exports were not much seen.
- India's policy was restricted and focused on developing domestic industry while it tightened the control on foreign trade.
- Also, India's export incentives were only available to a limited number of manufacturing industries and selected agricultural exports.
- All the factors above contributed to the decreased level of export.
- And as the exports suffered, it had negative impact which gave rise to Balance of Payment Crisis and fiscal deficits.



# INDIAN EXPORTS IN POST-REFORMS

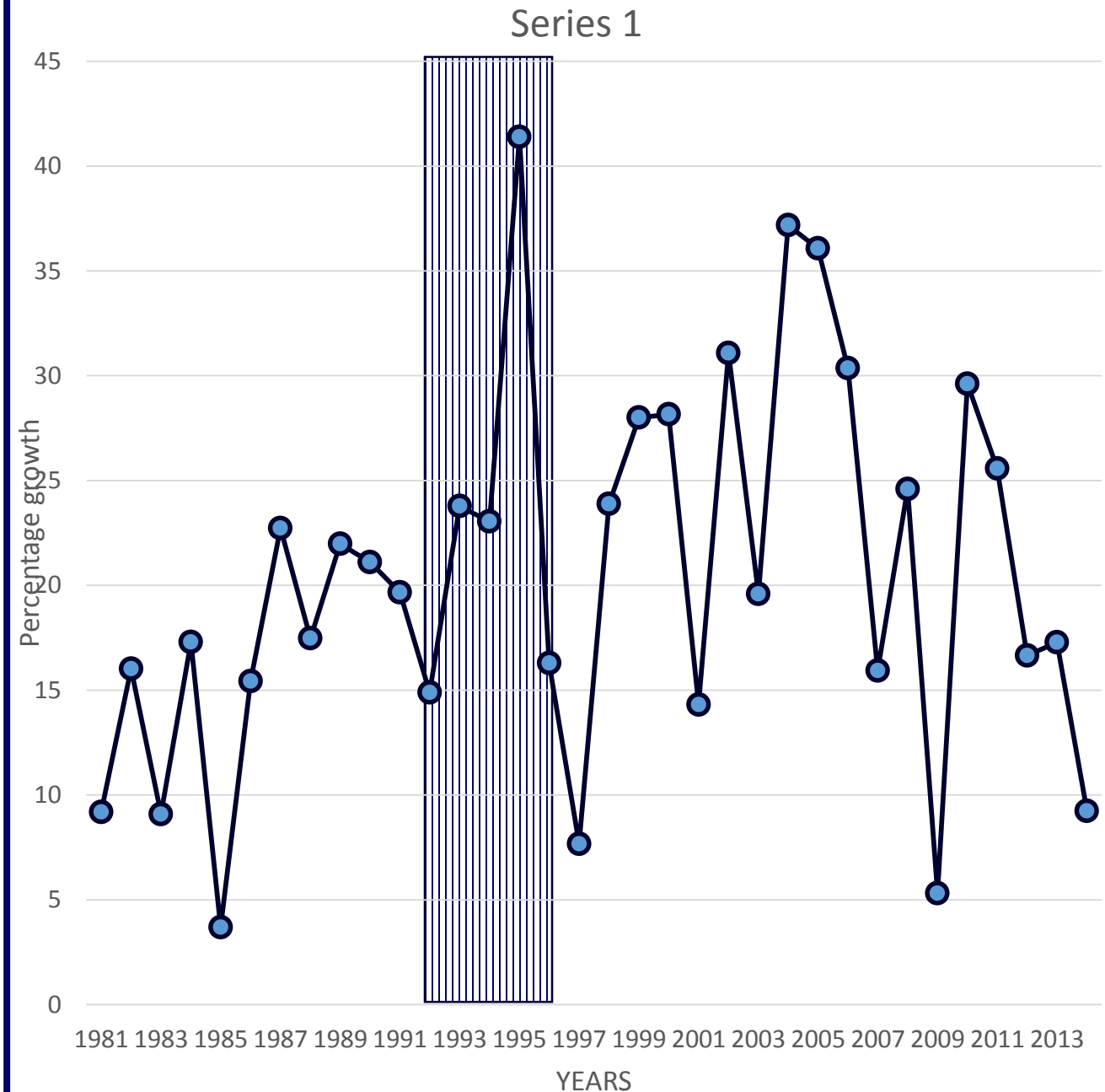
# Growth of Exports in India

Series 1



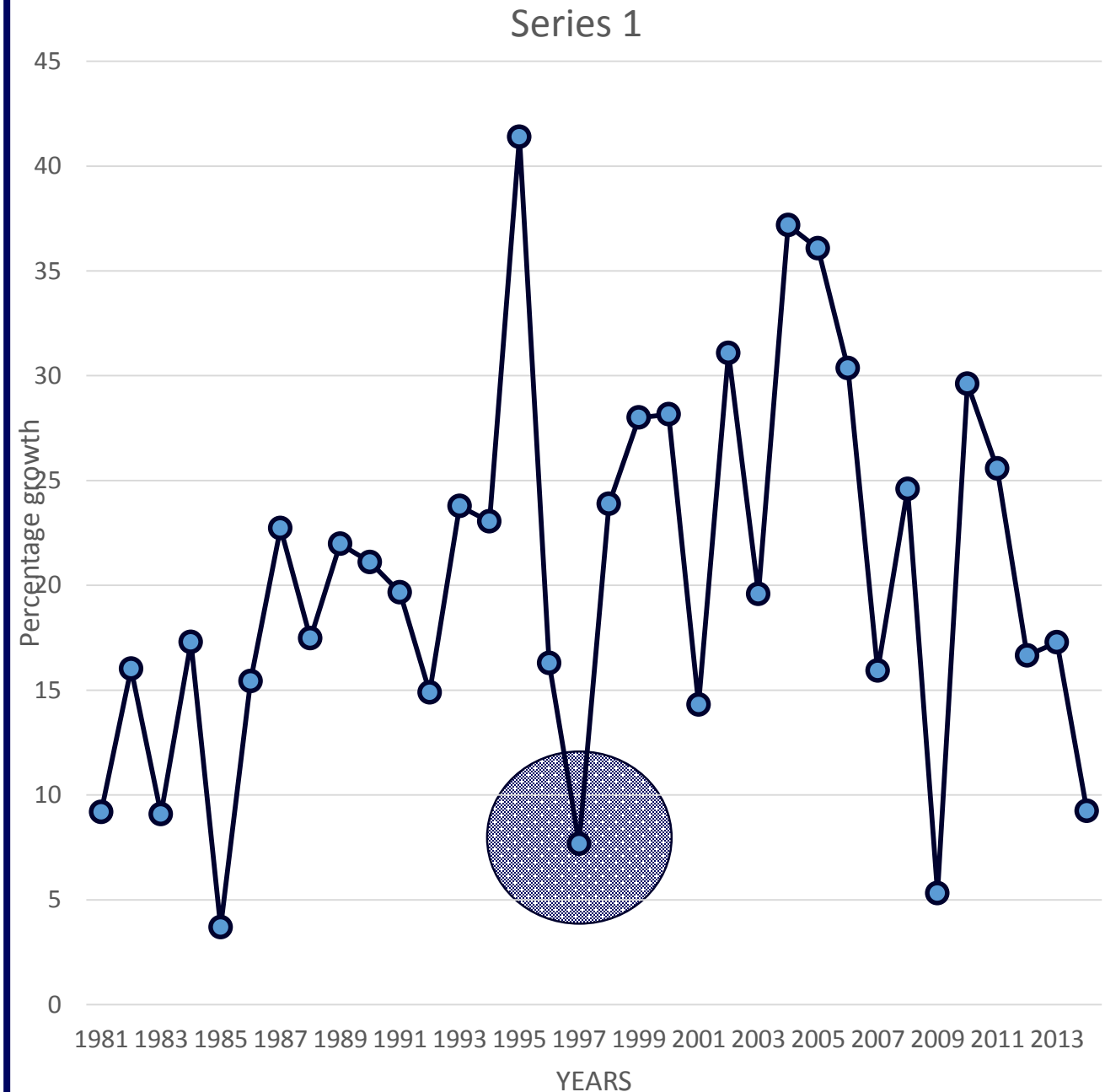
# Analysis

- In 1991 economic reforms were introduced which aimed at liberalization, Globalization, and Privatization.
- In Post reforms period, many restrictions on trade policies were removed.
- Changes such as Tariff lines were made free, substantial capital account liberalization measures were introduced.
- Due to all these above mentioned reasons, the exports of India took a boost.
- The maximum export growth can be seen in 1995 as in this year implementation of policies were made very well.



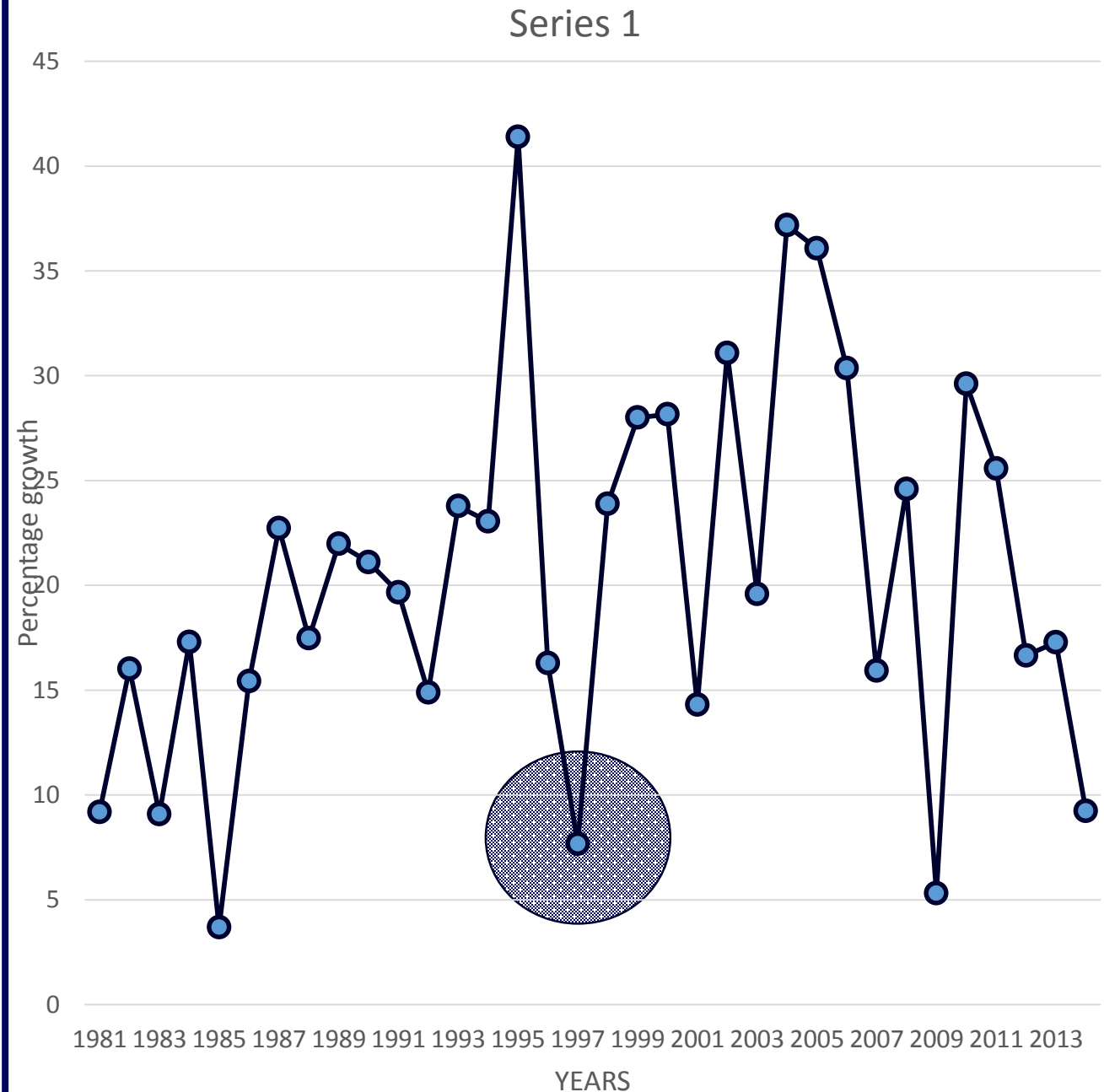
# Analysis

- As seen in graph to the left, the shaded region, the growth of exports of India decreased drastically.
- The main reason for this decrease in export growth was East Asian crisis.
- Due to East Asian crisis, the money value of countries like Japan and other ASEAN countries decreased.
- The ASEAN countries and Japan were acutely affected by the crisis, which was not the case with India.
- As a result of this, their respective currencies lost value. This also meant that this depreciation in their currencies resulted in appreciation of rupee due to interest rate differentials.



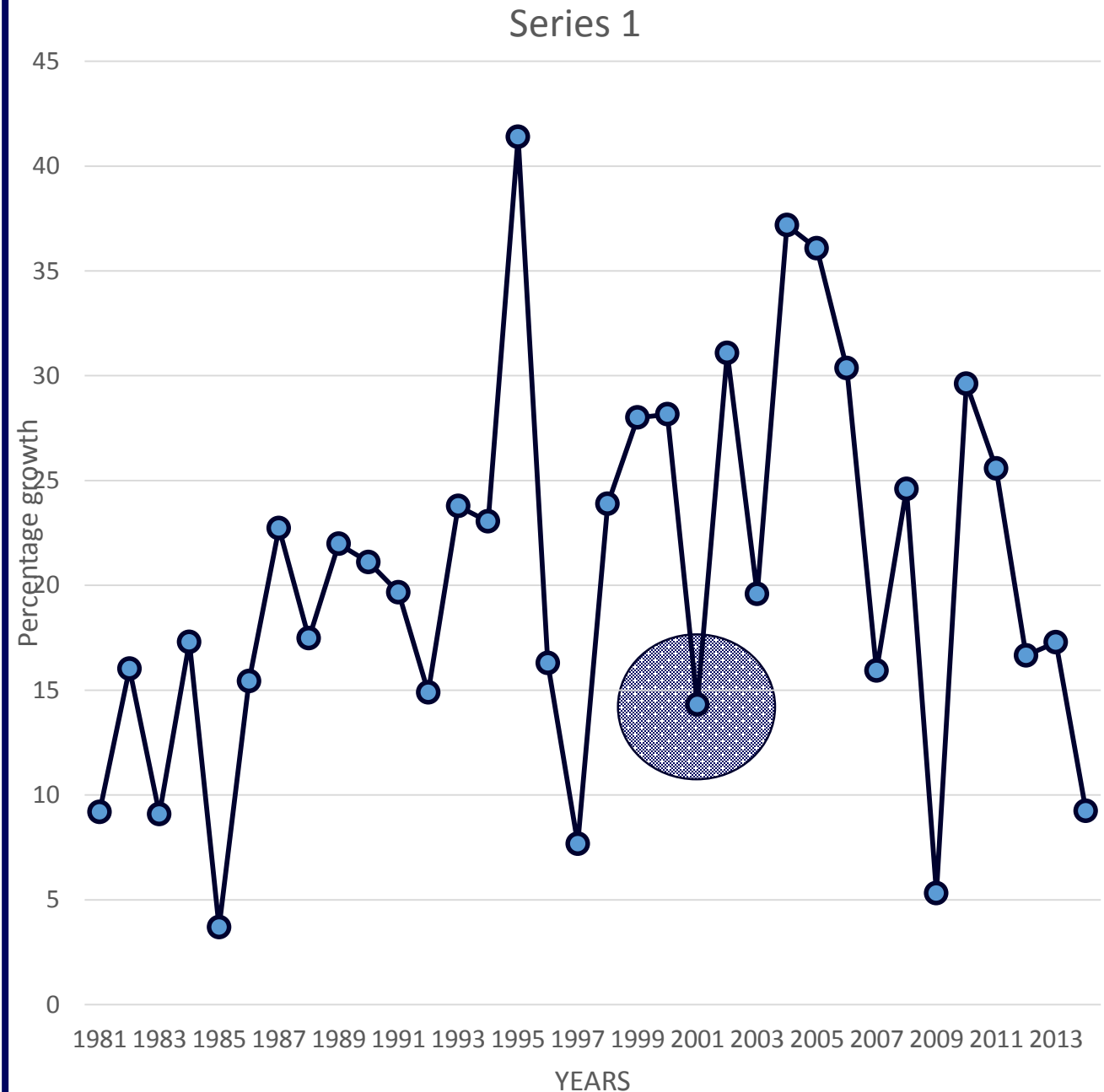
# Analysis (Cont.)

- To bring back their economy, the ASEAN nations and Japan devalued their money to increase the exports and hence contributing to rise in their economy.
- Due to their money devaluation, The demand of India good and services were reduced as other nations tend to import at a cheaper rate from those ASEAN nations.
- Due to the decrease in demand of Indian good in international market, the exports of India suffered.
- The main decrease in the exports were in textile and electronic market which are main export market areas of India.



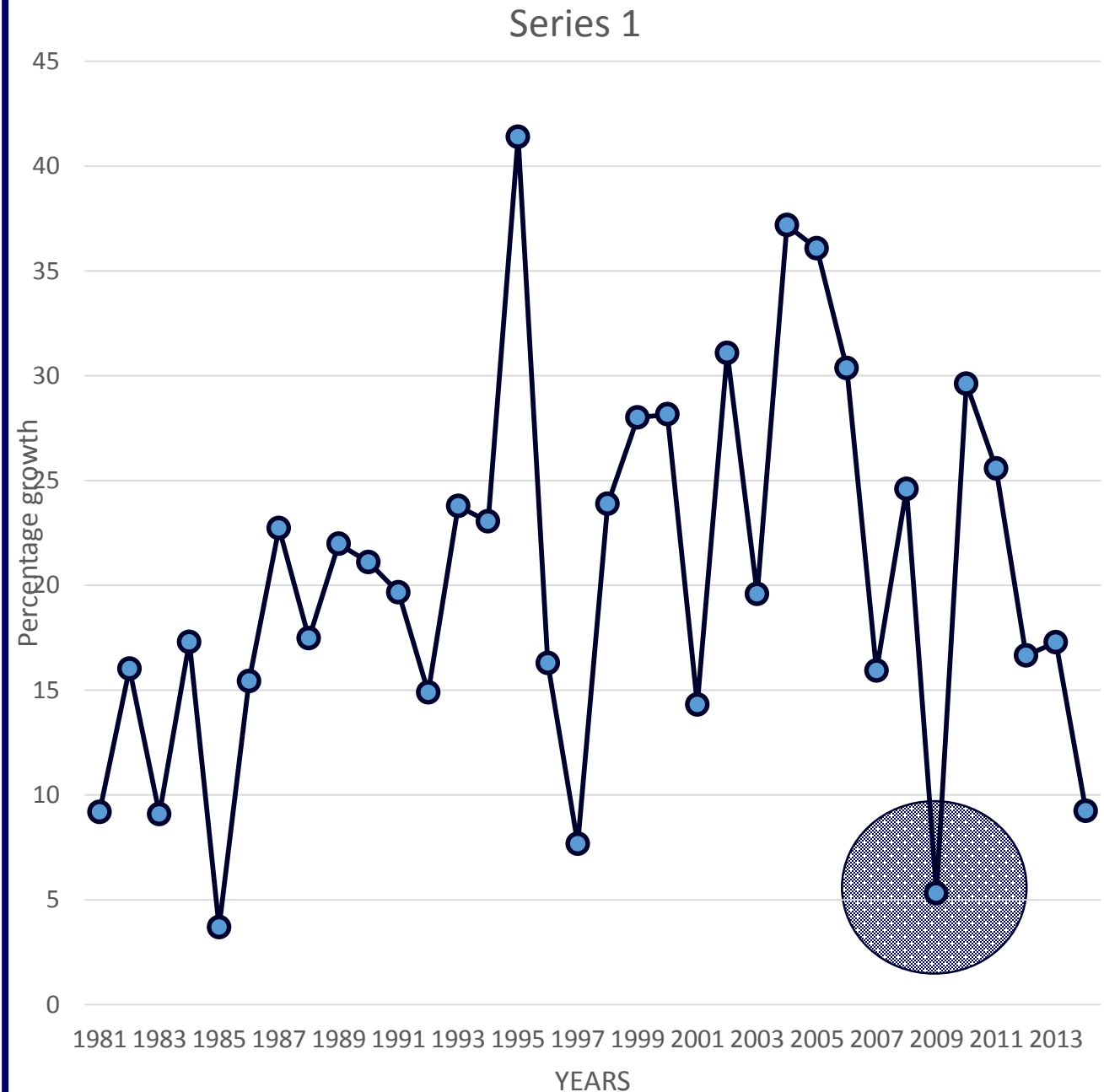
# Analysis

- As seen in graph to the left, the shaded region, the growth of exports of India again decreased in 2001-2002.
- This is because of the collapse of World Trade Centre (WTC).
- Due to the terrorist attack at WTC in 2001, the economy of US was affected which in turn affected the trade of India as US is one of the major importer of Indian products.
- Also the ASEAN countries which were just recovering from the crisis, were also affected.
- This all above reasons contributed to the decay of growth of exports of India.



# Analysis

- As seen in graph to the left, the shaded region, the growth of exports of India decreased drastically.
- The main reason for this decrease in export growth was Global Financial Crisis.
- Due to GFC countries like Europe, America and other main nation's economy collapsed.
- Which resulted in the collapse of large investment banks around the world coupled with high oil prices. Also rising inflation led to global recession.
- Due to all this factors the demand decreased, resulting in decrease of exports.





- We analysed the exports of good and services and its growth rate.
- Now we analyse the exports of good separately and services separately through graph.
- We do this because, by doing this we will come to know the trends of contribution of good (merchandise) in exports of India and contribution of Services in exports of India.

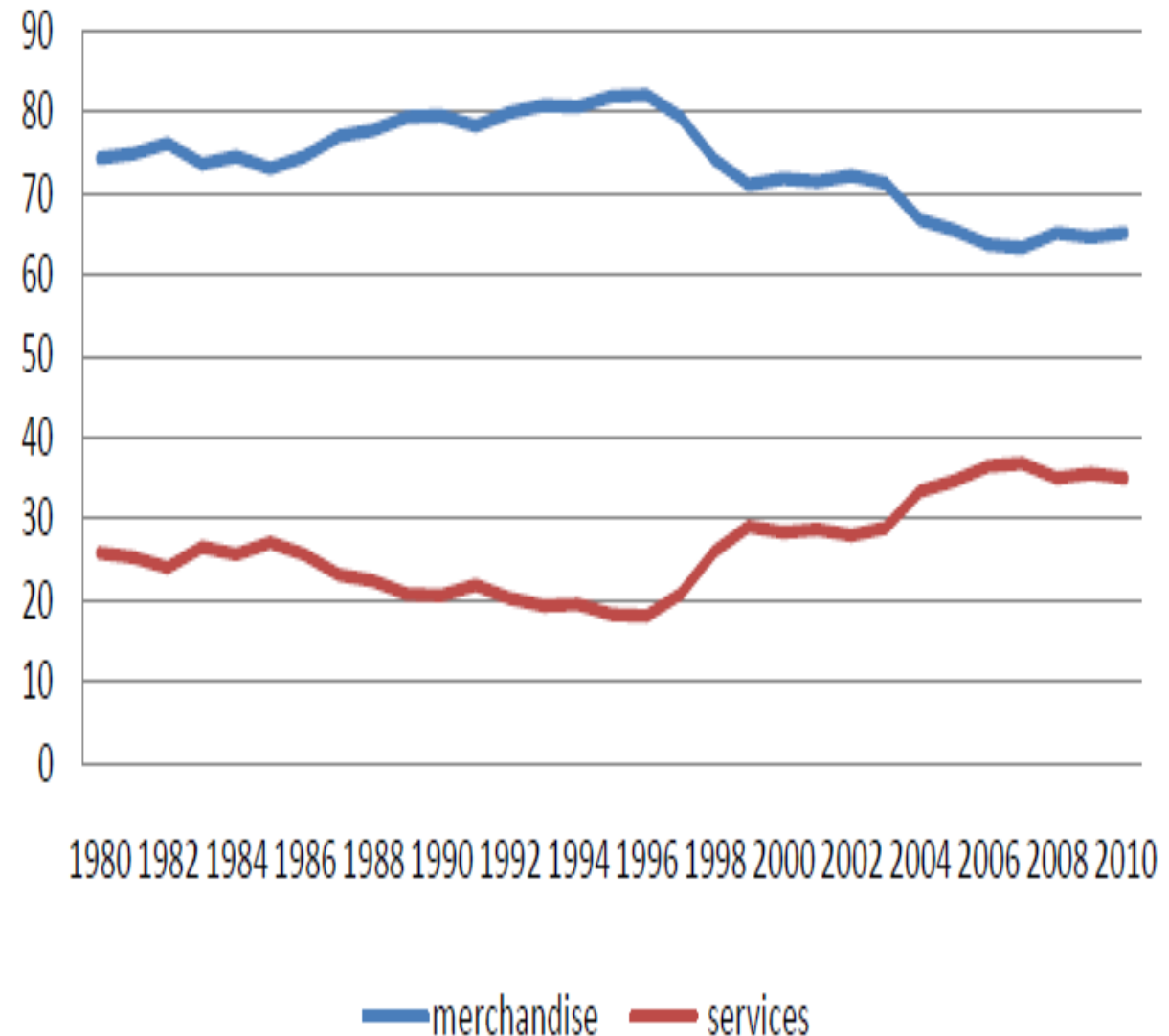


# CONTRIBUTION OF GOODS & SERVICES IN EXPORT

# Analysis

- As seen in graph to the left, the blue graph shows the contribution of merchandise in Indian exports and Red shows the contribution of services in Indian exports.
- As seen in graph the merchandise exports comprises a major portion of India's export.
- But important thing to note over here is that, with the passage of time the contribution of services has increased relatively.
- Thus, growth rate of services is increasing whereas the growth rate of merchandise is decreasing.

## Goods and services share(%) in total exports





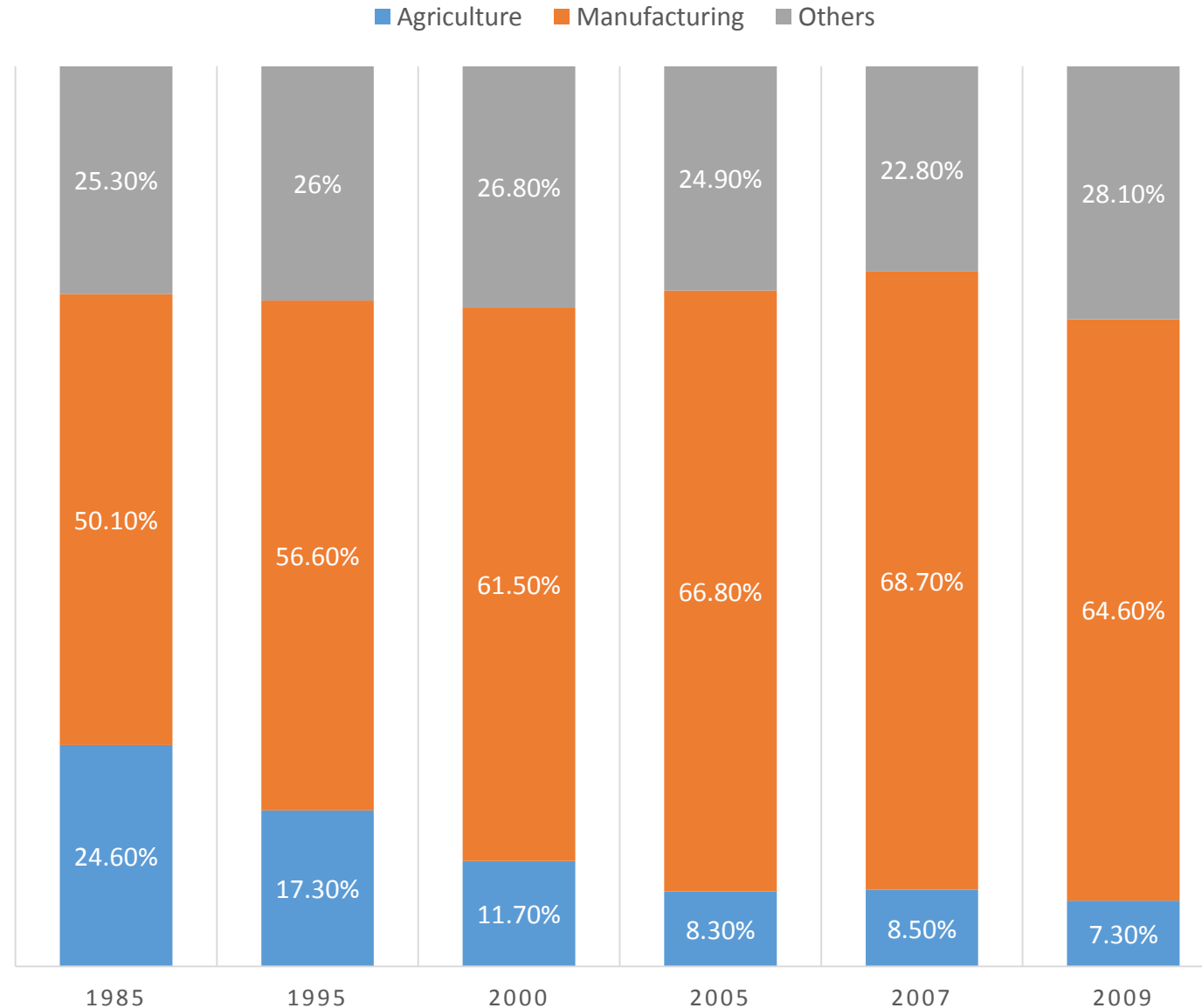
- We know that the merchandise comprises the maximum portion of the Indian exports.
- So, now we will discuss the sectoral contribution merchandise sector.
- Merchandise sector has been divided into three main portions. They are,
  1. Manufacturing Industry
  2. Agriculture Industry
  3. Others.

# SECTORAL CONTRIBUTION OF MERCHANDISE EXPORTS

# Analysis

- In the graph given to the right, the blue, orange, and grey part indicates agriculture sector, Manufacturing sector, and other sectors respectively.
- Though agriculture was a major component till the early years following independence, a shift towards manufactured exports occurred due to the industrialization which took place during that time.
- Thus, the contribution of manufacturing sector is increasing in the merchandise exports of India whereas agriculture sector's share is decreasing.

## SECTORAL CONTRIBUTION OF MERCHANDISE EXPORT

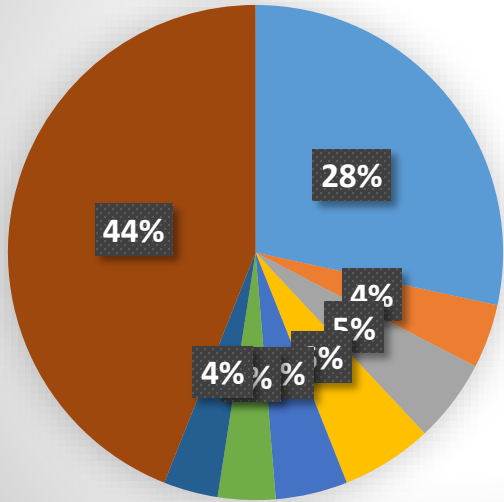




- In the previous slide we saw that Manufacturing sector is the main contributor in sectoral contribution of merchandise exports.
- Thus, now we discuss about India's key manufactured exports.

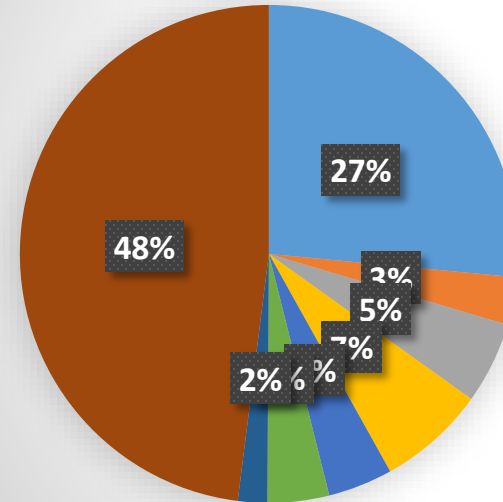
# INDIA'S KEY MANUFACTURED EXPORTS

1990



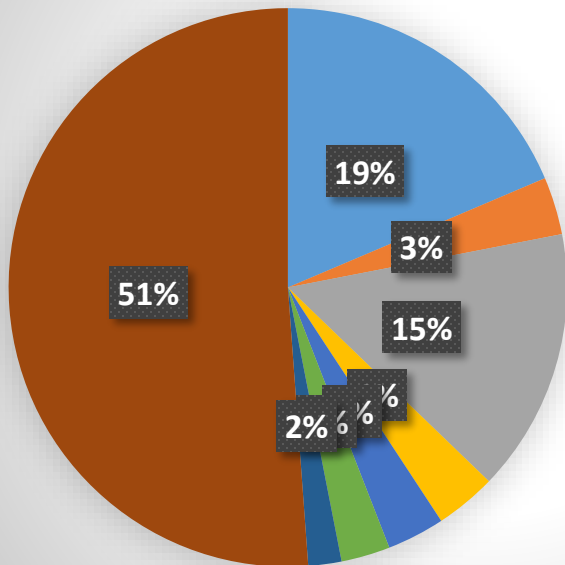
- Gems & Jewellery
- Medicaments
- Petroleum related Product
- Cotton
- Leather
- Textile Yarn
- Made up articles-textiles
- Others

2000



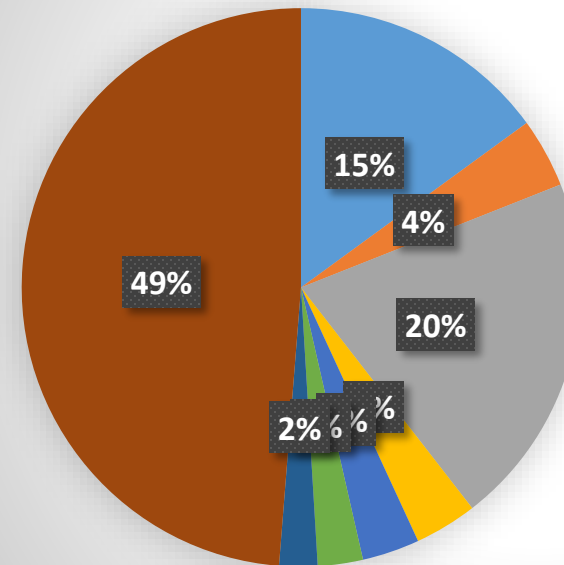
- Gems & Jewellery
- Medicaments
- Petroleum related Product
- Textile Yarn
- Made up articles-textiles
- Cotton
- Organic Chemical
- Others

2005



- Gems & Jewellery
- Medicaments
- Petroleum related Product
- Made up articles-textiles
- Textile Yarn
- Organic Chemical

2009



- Gems & Jewellery
- Medicaments
- Petroleum related Product
- Telecommunication Equipment
- Ships,Boat
- Motor Cars
- Organic Chemical
- Others



# India's key manufactured exports

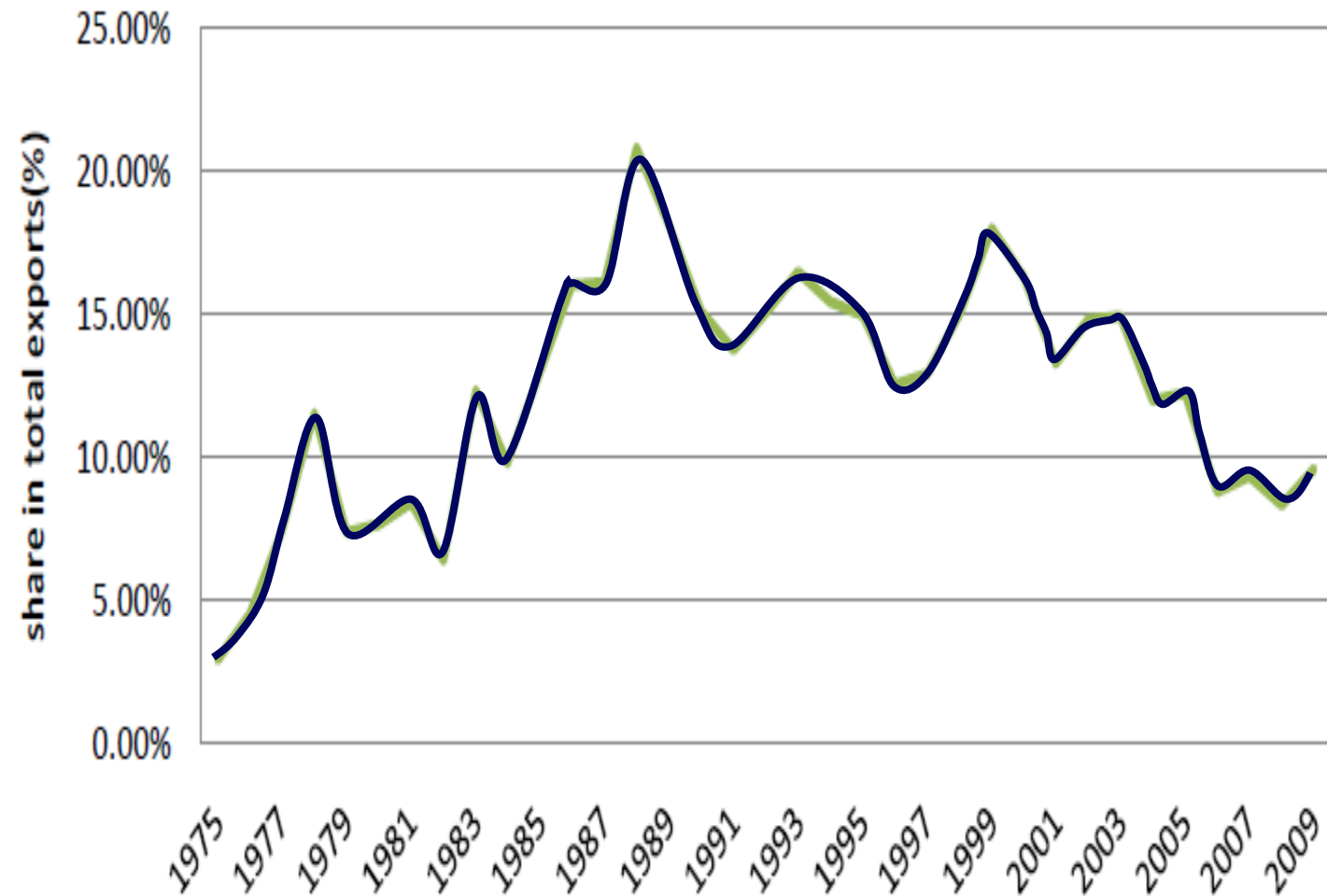
- India's key manufactured exports include gems and jewellery, garments, medicaments, petroleum related products, cotton etc.
- Now we shall discuss three main export markets that contribute to the sectoral merchandise exports of India.
- In further slides we shall see, up to how much percent does this sector contribute in total Indian export and up to what percent does it contribute to the world.
- The three markets we are going to analyse are,
  - 1. Gems and jewellery**
  - 2. Ready made garments (cotton)**
  - 3. Electronic goods**

# *Gems and Jewelleries*

# Gems and jewellery share(%) in India's total export

## TREND:

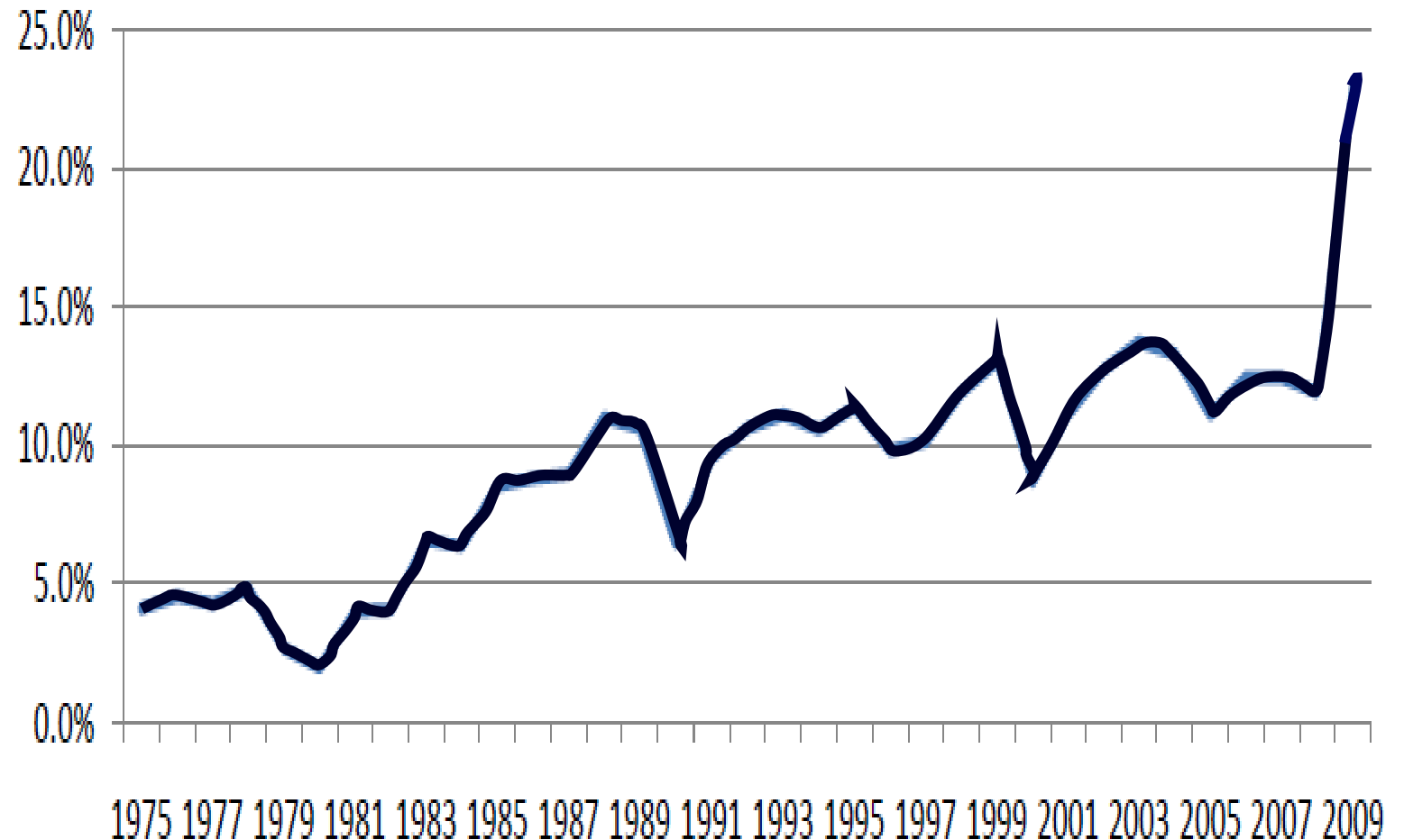
- The general trend post the reforms period is, the growth of gems and jewellery's contribution to Indian export has been decreasing.
- The contribution of Gems and jewellery has been decreased from 28% in 1990 to 15% in 2009.



# India's Share in World exports of Gems and jewellerys

## TREND:

- The general trend in the growth of gems and jewellery's contribution to world export has been increasing.
- We can see that the contribution of Gems and jewellerys in world exports was highest in 2009 which was around 23.7%.

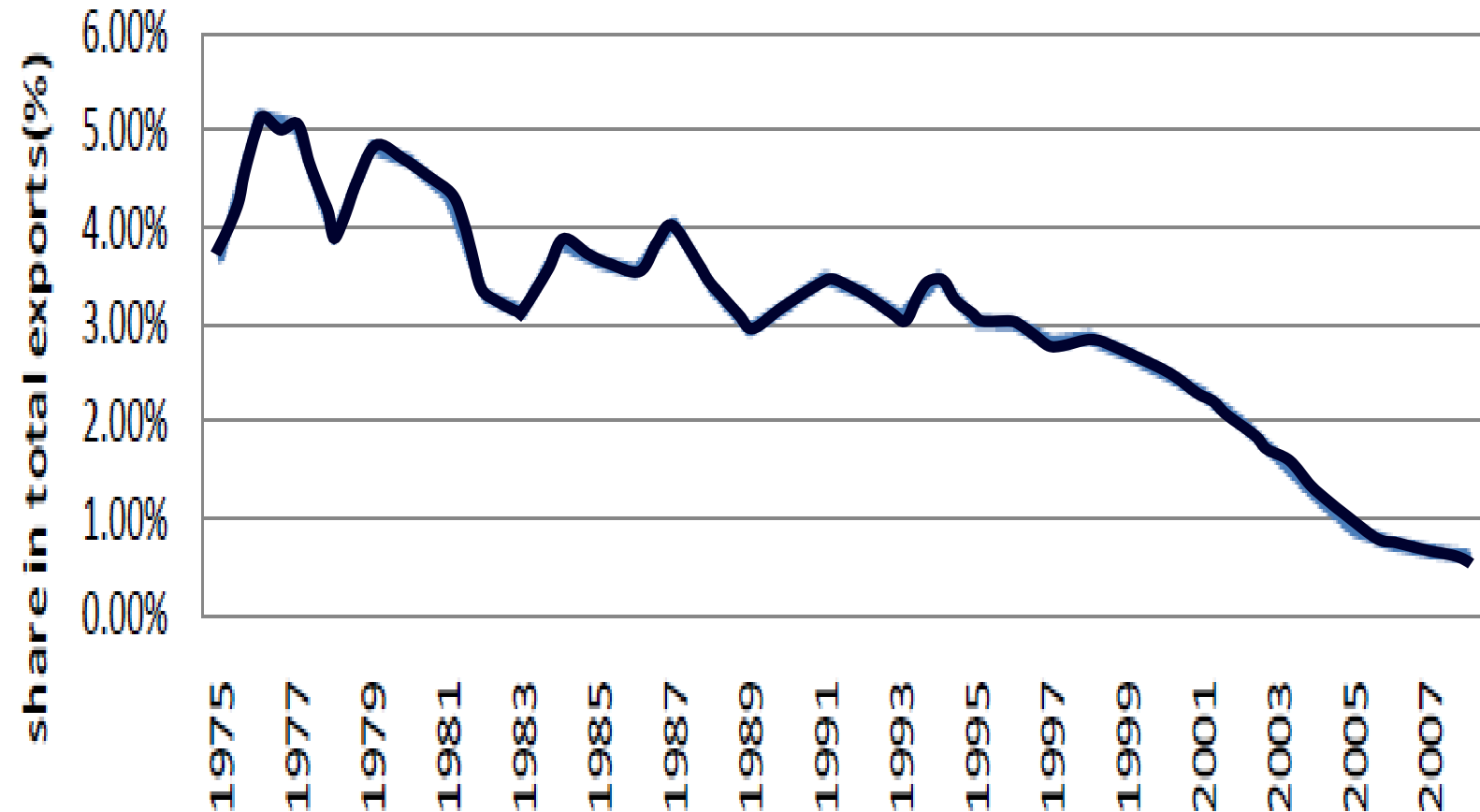


*Ready made Garments(cotton)*

# Ready made Garments(cotton) share(%) in India's total export

## TREND:

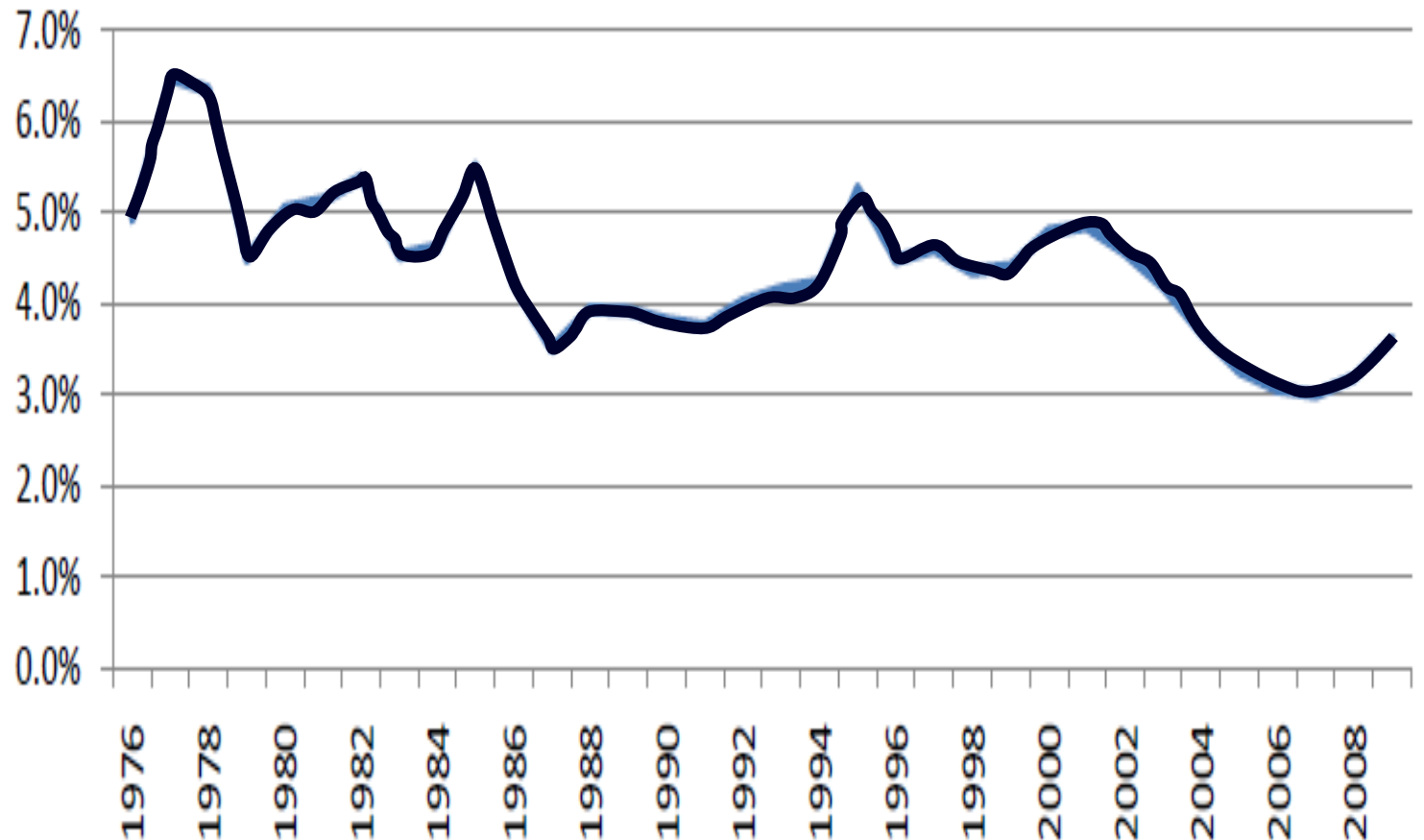
- The general trend in the growth of cotton contribution to Indian export has been decreasing at a very high rate.
- The contribution of cotton in India's total export has been decreased from 3.5% in 1990 to less than 1% in 2007.



# India's Share in World exports of Ready made Garments(cotton)

## TREND:

- From 1990, the growth increased up to 2000. And in 1996 the share of cotton in world was at boom comparatively.
- But from 2000, till 2008-09, the share in the world exports has been decreasing. It decreased to 4.6% in 2008 from 4.94% in 1996.



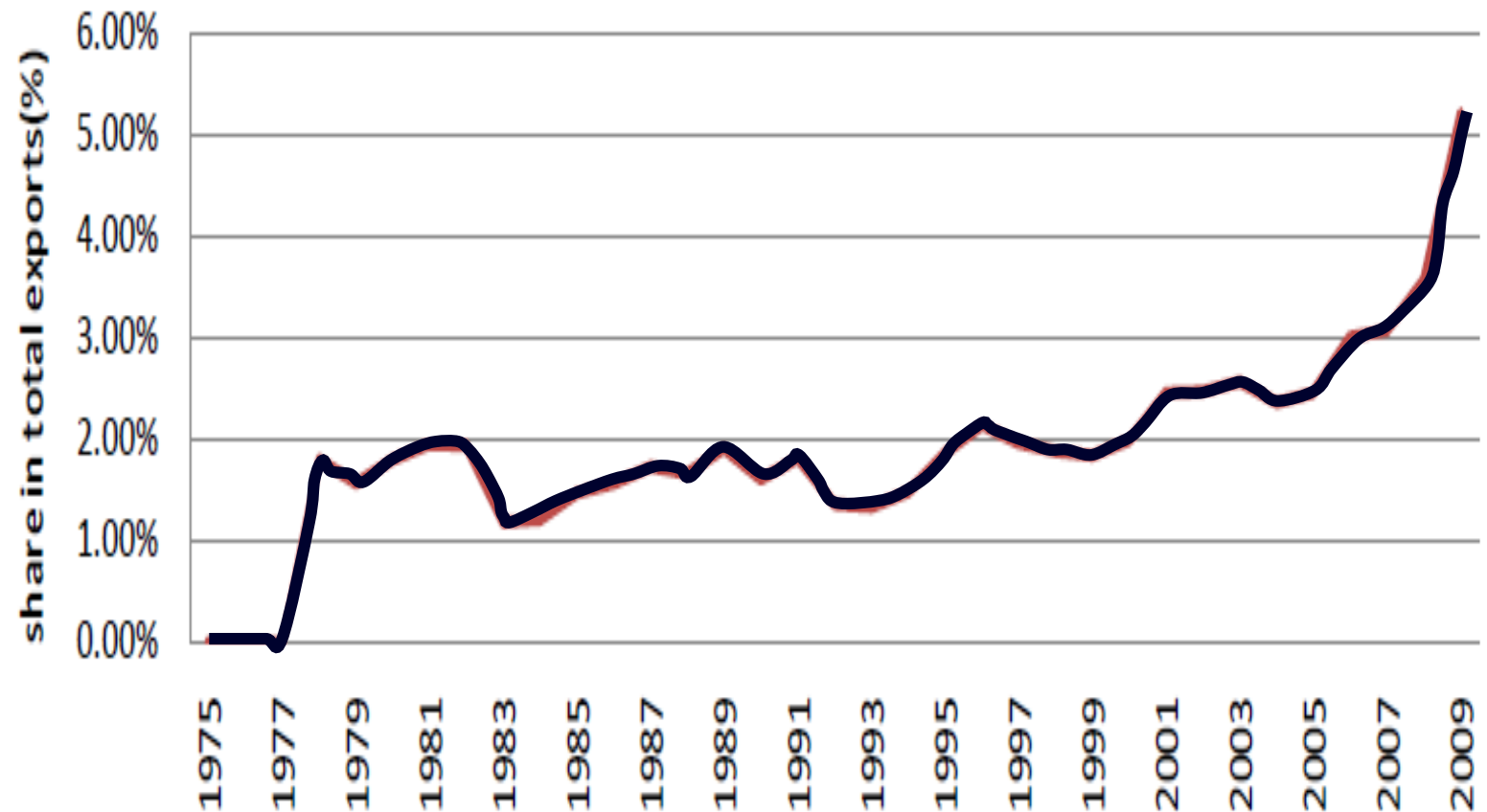
# *Electronic Goods*



# Electronic Goods share(%) in India's total export

## TREND:

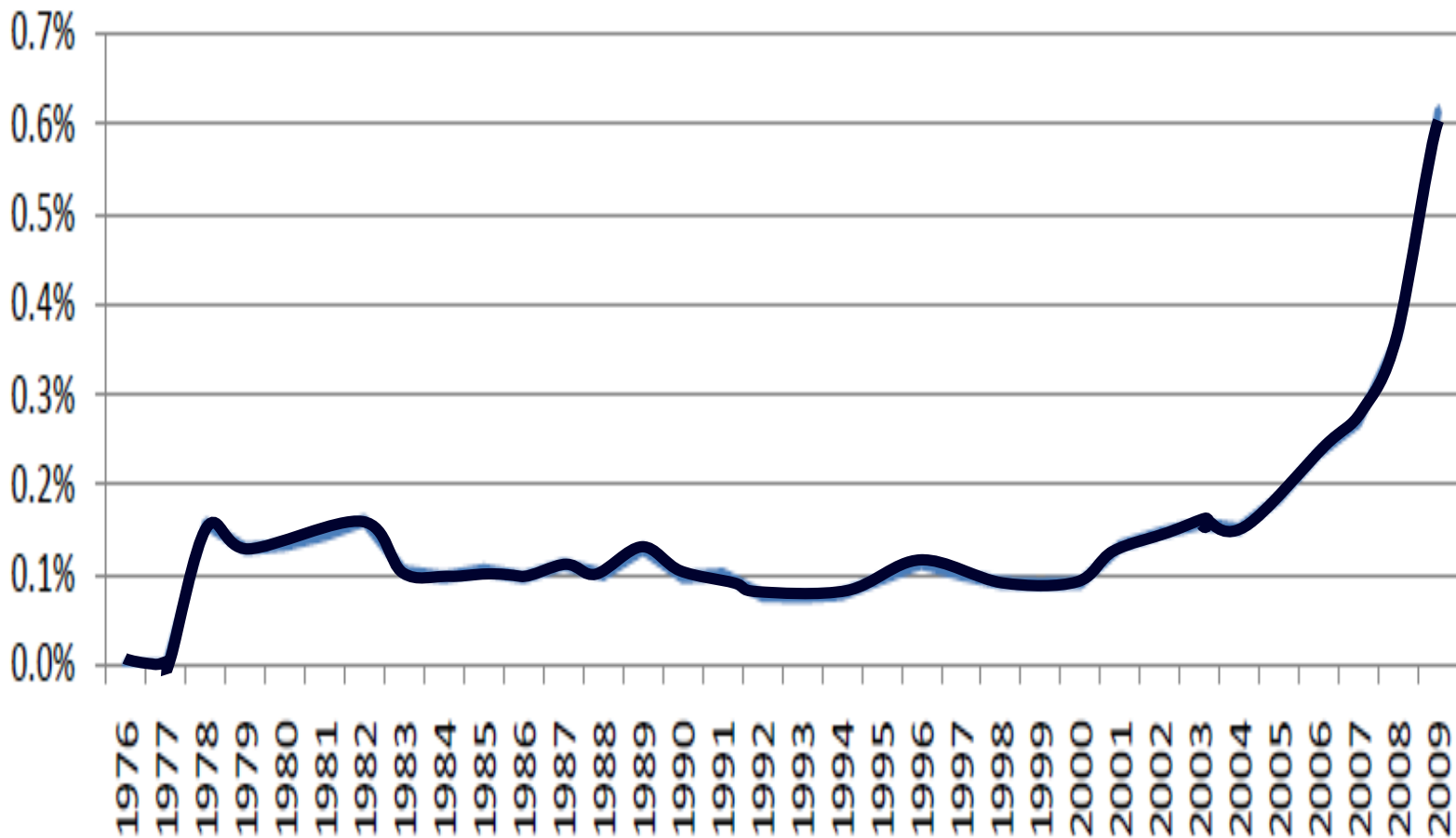
- The export of electronic goods were not much in 70's and 80's.
- In the post reforms period, the exports of electronic is increasing contributing to increase in share of electronic good in India's exports.
- From 1.5% in 1990, it has increased to 5.3% in 2009 which is very good sign for Indian exports.



# India's Share in World exports of Electronic Goods

## TREND:

- The contribution of electronic goods in world exports has been increasing at a good rate.
- It has increased from approximately 0.1% in 1990 to 0.63% in 2009.
- This increase depicts that India is growing in the field of communication and technology.



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THANK YOU