



## **GROWTH PERFORMANCE OF IMPORTS OF INDIA DURING LAST EIGHTEEN YEARS**

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### **ABSTRACT**

Classical and Neo-classical economists viewed economic development as a function of world trade. According to them, International trade is regarded as the “Engine of economic growth”. Indian economy displays growth at par with the foreign trade. The present paper relates to the growth performance of imports of India for the period 2000-01 to 2017-2018. Thus by examining the growth and analysing the trends, the study concentrates on the importance of international trade as a medium for promotion of economic growth in India. Secondary data pertaining to the exports of India have been accumulated from Handbook of Statistics on Indian economy by Reserve Bank of India. Exports of various agriculture products have been studied for the period of study from 2000-01 to 2017-18. The paper finds the growth performance of various bulk imports, non-bulk imports and other items and imports using Compound Annual Growth Rates.

**KEYWORDS-** International trade, Imports, Growth Rate, Compound Annual Growth Rate.

### **Introduction**

Trade is considered to be a highly dominant and important stimulator in the expansion of any economy. International Trade provides the international market with various opportunities to different kinds of advancements and thus helps in transforming the agrarian and traditional economy into modernized industrial economy. Differences in resource endowments, preferences and technologies, scale of economies, capacities of growth and development various social and economic factors of different countries are the key factors which form the basis of International trade. Foreign trade also helps in widening the scope of market due to foreign demand of the



product in addition to the domestic demand. Without international trade, all the countries would be limited to their own goods and services i.e. the ones produced within their own borders. So, in order to achieve maximum profit and reap the results of specialisation in production, all the nations should involve in trade with other countries of the world. India's participation in foreign trade, too has been increasing in two sides i.e. export and import. A developing economy like India has much been on the pace of development by considering its stepping stone to be international trade. All the technical knowledge, know-how has been imported from other foreign countries to establish various high scale and parent industries like Iron and Steel Industry. The scarcity of consumer goods occurred due to calamity or other reason is also met through importing goods from foreign countries.

Now, how far India has succeeded in increasing its condition of import remained the main aim of study. Thus, to study and evaluate India's position in the world trade, the study has been conducted under the head of "Growth Performance of Imports of India during the last 18 years.

### **Review of Literature**

*Nayak et al. (2019)* made a study to inspect the performance of India's foreign trade. The study was done by making the use of time-series data for the period from 1970-71 to 2017-18. The study was conducted by dividing the time period in 2 sub-periods, i.e. the pre-reform period (1970-71 to 1990-91) and the post-reform period (1991-92 to 2017-18). Study examined the annual rate of growth of India's exports and imports. It was observed in the study that the exports and imports were higher during post-reform period than pre-reform period; however imports growth rate was higher than exports growth rate. In order to make the study, various tools like Annual Growth rate (AGR), CAGR (CAGR), Average annual Growth Rate (AAGR) and Arithmetic Mean were used. The CAGR for total exports was 15.66 per cent and that of total imports was 16.88 per cent while the CAGR for total exports and total imports in post-reform period came out to be 13.78 per cent and 21.11 per cent respectively.

*Hemashree (2014)* examined the performance analysis of Indian agricultural trade for the time period 1987-88 to 2012-13. The results were analysed using percentage share, exponential growth rate and Markov chain model. The growth rate of commodities namely cashew including

cashew nut shell liquid, wheat and other agriculture and allied products recorded a decline in the post WTO period and growth rate of imports of principal commodities like edible oil, cashew nuts and others declined too in the post WTO period. Further, there was an increase in the contribution of export basket composed of commodities viz. rice, spices, tobacco, vegetables and fruits, processed fruits, sugar and molasses in post WTO period, on other hand bulk imports too had an increased percentage share in post WTO period.

*Singh (2014)* studied the trends and competition in India's foreign trade since 1991. The study observed that after the adoption of New Economic Policy, an increase in India's total exports was observed over the period of study. A major proportion of India's exports comprised of manufactured goods. Petroleum exports have shown a rising trend. On the other hand, the composition of imports of India has also shown significant growth characterised by positive and increasing trends. Further, goods like Petroleum and crude products and capital goods and other non-bulk items have increased significantly while there has been a decline in imports of food grains. The study, however, revealed that the growth rate of exports was somewhat less than the growth rate of imports for period under study. The highest CAGR in exports was recorded as 10.5 per cent for the year 2010-11 and this was the only year in which exports growth rate was higher than imports growth rate.

*Yadav (2012)* attempted a study to measure the quantum leap in India's exports and imports, and to identify the changes in composition of commodities. The study pertained to 4 points of time 1990, 1995, 2000 and 2005. According to Yadav, "there was an increase in the share of manufacturing sector among other tradable sector. Manufactured goods and all food items accounted for around 88 per cent in exports of India whereas in the import basket, manufactured goods and fuels accounted for around 78 per cent in India's imports. On a broader basis the share of top 3 import sources accounted for around 48 per cent (64% in 1990) and the top 3 markets in exports accounted for 66 per cent in 2005 (59% in 1990).

### **Research Methodology**

The corresponding secondary data pertaining to the exports of India have been accumulated from Handbook of Statistics on Indian economy by Reserve Bank of India. The whole work is grounded on the data corresponding to time period 2000-01 to 2017-18. The

export of agriculture products of India is studied in case of various agriculture commodities, textile and textile products, manufactured goods, handicrafts and other commodities.

By fitting an exponential function, Compound Growth Rates of different import products have been calculated. By making the use of least square method, CAGR is computed by making use of the following exponential function.

$$Y = AB^t$$

Where, Y = Ratio of Exports to Imports

A = Constant

B = 1+r

r = Compound Growth Rate

t = time (in years; 1, 2,-----18)

The Compound growth rate (r) is calculated as  $(B-1)*100$ . In log form B has been calculated using the formula understated:

$$\text{Log } B = \frac{\sum T \log Y - \sum t \log Y/N}{\sum t^2 - (\sum t)^2/N}$$

### Objective of the study

The objective of the present study is to evaluate the growth trends in the imports of various goods of India during the last eighteen years, that is, the period from 2000-01 upto 2017-

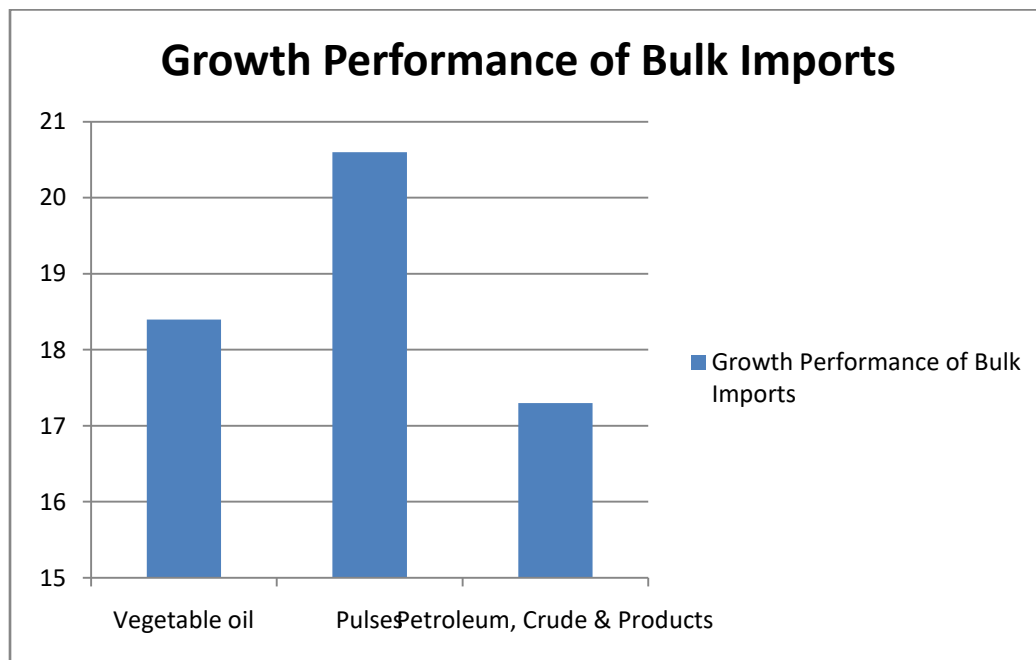
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### Data and Statistics

**Table 1: Growth Performance of Bulk Imports**

Items	B-Value	Compound Growth Rate
a) Vegetable oil	1.184	18.4
b) Pulses	1.206	20.6
c) Petroleum, Crude & Products	1.173	17.3

Source: Handbook of Statistics



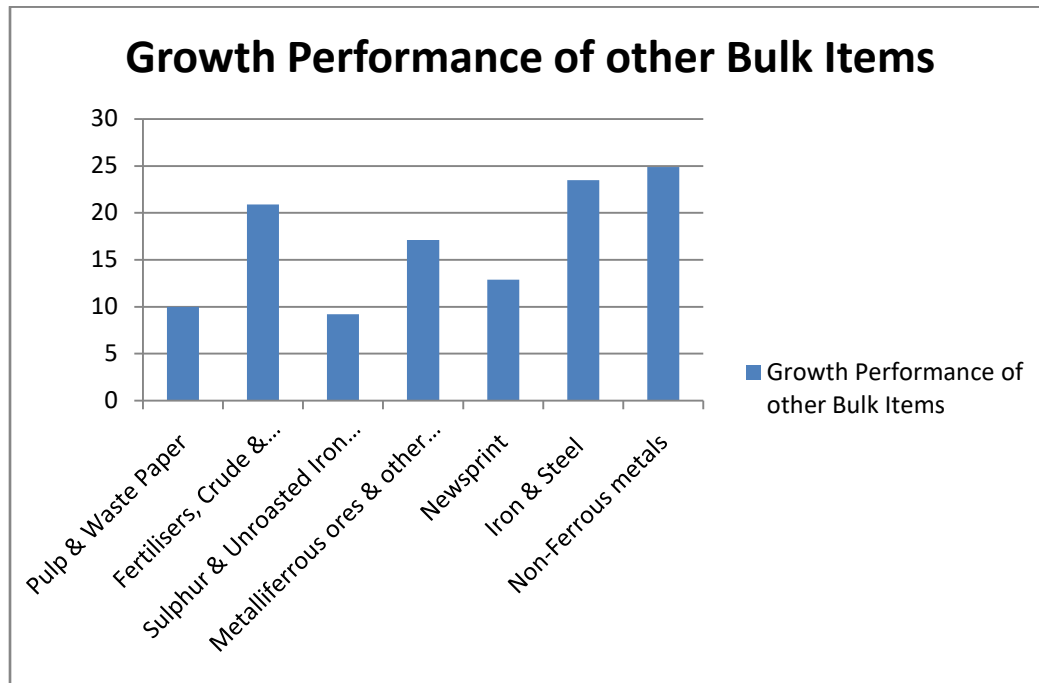
**Figure 1: Growth Performance of Bulk Imports**

**Table 2: Growth Performance of Other Bulk Items**

Items	B-Value	Compound Growth Rate
a) Pulp & Waste Paper	1.1	10
b) Fertilisers, Crude & manufactured	1.209	20.9
c) Sulphur & Unroasted Iron Pyrites	1.092	9.2
d) Metalliferrous ores & other minerals	1.171	17.1
e) Newsprint	1.129	12.9
f) Iron & Steel	1.235	23.5
g) Non-Ferrous metals	1.249	24.9

*Source: Handbook of Statistics*

**Figure 2: Growth Performance of Other Bulk Items**



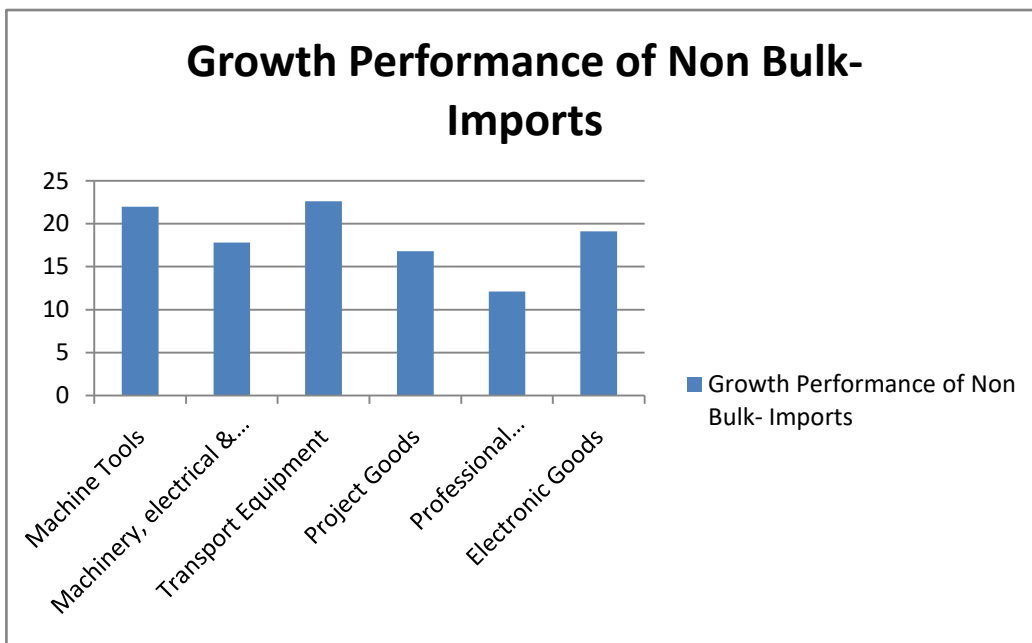
**Table 3: Growth Performance of Non-Bulk Imports**

Items	B-Value	Compound Growth Rate
a) Machine Tools	1.22	22
b) Machinery, electrical & non-electrical	1.178	17.8
c) Transport Equipment	1.226	22.6
d) Project Goods	1.168	16.8

e) Professional Instrument, Optical Goods, etc.	1.121	12.1
f) Electronic Goods	1.19	19.1

Source: Handbook of Statistics

**Figure 3: Growth Performance of Non Bulk-Imports**



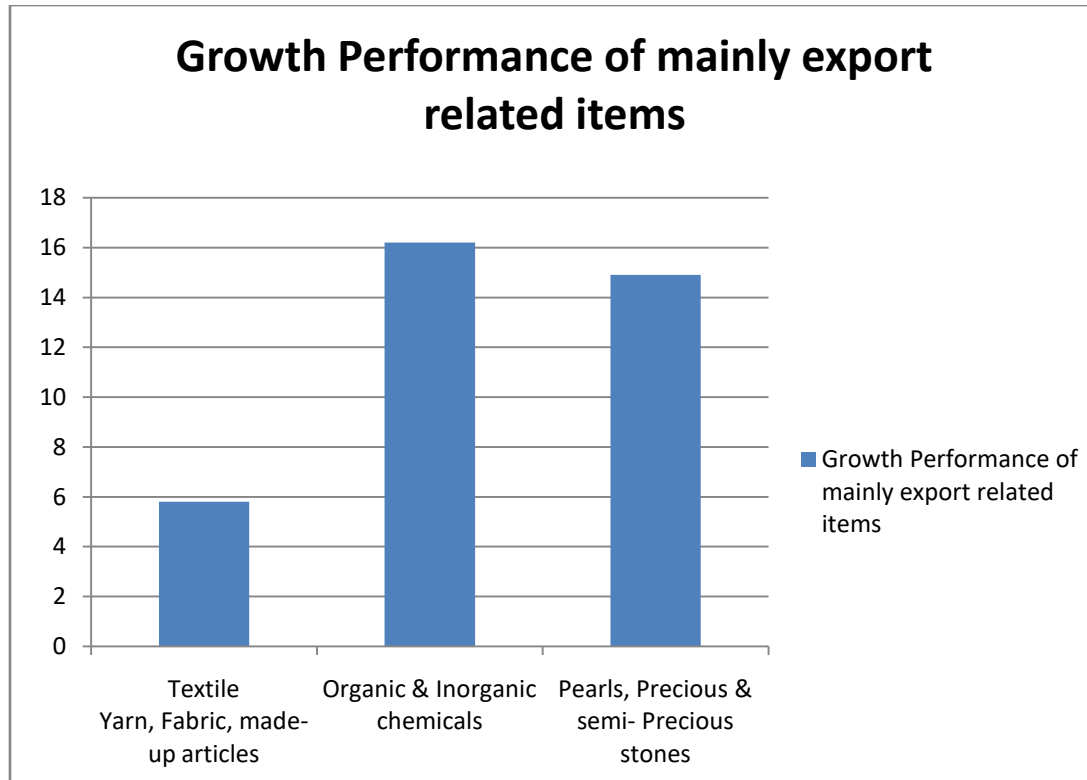
**Table 4: Growth performance of Mainly Export Related Items**

Items	B-Value	Compound growth Rate
a) Textile Yarn, Fabric, made-up articles	1.058	14.9
b) Organic & Inorganic chemicals	1.162	16.2
c) Pearls, Precious & semi- Precious stones	1.149	14.9



Source: Handbook of Statistics

**Figure 4: Growth Performance of mainly Export related items**



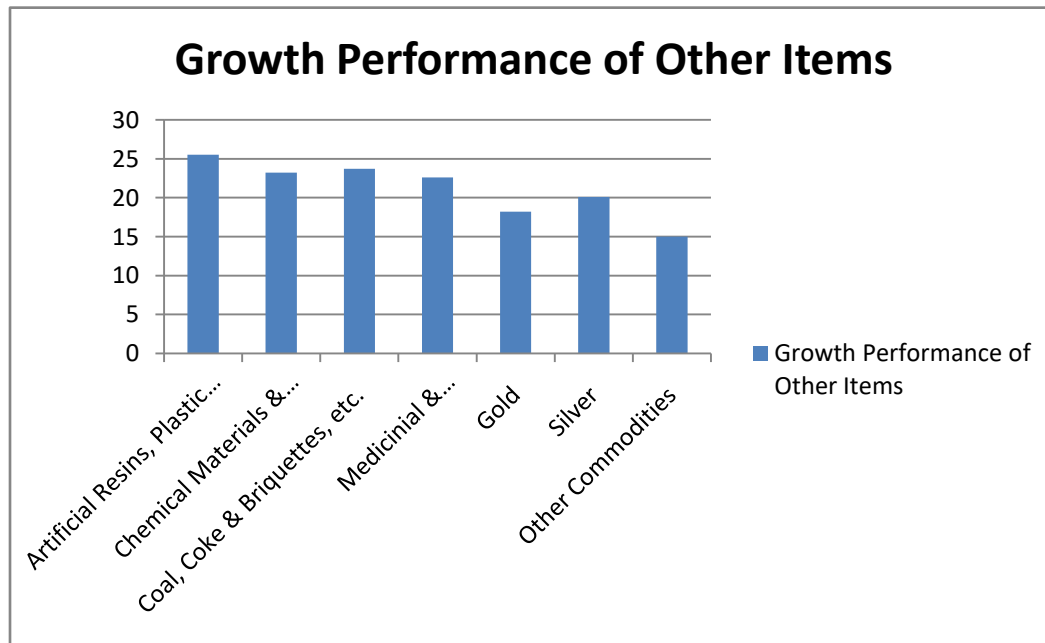
**Table 4.1.11: Growth Performance of Other Items**

Items	B-Value	Compound Growth Rate
a) Artificial Resins, Plastic materials, etc.	1.255	25.5
b) Chemical Materials & Products	1.232	23.2
c) Coal, Coke & Briquettes, etc.	1.237	23.7

d) Medicinal & Pharmaceutical Products	1.226	22.6
e) Gold	1.182	18.2
f) Silver	1.201	20.1
g) Other Commodities	1.15	15

Source: Handbook of Statistics

**Figure 5: Growth Performance of Other Items**



## Results and Findings

Different categories classified as growth patterns of imports of bulk-imports, non-bulk imports, other bulk-imports, mainly export related goods and

other items are detailed.

In the table 1 and the figure 1, CAGR of bulk imports are shown from 2000-01 to 2017-18. Pulses have recorded the maximum growth rate of imports (20.6%). With vegetable oil imports observed with 18.4 per cent, the minimum rate of growth in imports is reflected by Petroleum, Crude and products as 17.3 per cent.

In the course of study, the growth pattern of imports of other bulk items is depicted in Table 2 and Figure 2. Non-Ferrous metals observed the maximum growth rate of imports at 24.9 per cent and followed by iron and steel at 23.5 per cent. fertilisers, crude and manufactured noticed a considerable rate of growth in imports at 20.9 per cent. The growth rate of imports of metalliferous ores and other minerals is observed at 17.1 per cent, newsprint (12.9%). Pulp, waste paper noticed a growth rate in imports at of sulphur and unroasted Iron pyrites at 9.2 per cent.

Table 3 and Figure 3 represent the furnished results of growth behaviour of non- bulk imports. Maximum rate of growth has been depicted by transport equipment (22.6%) succeeded by machine tools (22%). Electronic goods recorded a growth rate of in their imports at 19.1 per cent. The rate of growth of imports of machinery, electrical and non-electrical has been recorded at 17.8 per cent followed by the growth rate of 16.8 per cent as recorded by project goods. The least widening figure in imports is noticed in professional instrument, optical goods, etc. at 12.1 per cent.

Figure 4 and table 4 depicts the growth performance of imports of mainly export related items. The most widening figure in growth of imports has been recorded in case of organic and inorganic chemicals (16.2%). Pearls, precious and semi-precious stones grew at 14.9 per cent. And the minimum rate of growth of imports is recorded at 5.8 per cent for textile, yarn, fabric, made-up articles.

Table 5 and figure 5 depicts the growth pattern in imports of other items. The maximum rate of growth in imports is observed at 25.5 per cent in case of artificial Resins, plastic materials, etc. which is followed by growth rates of 23.7 per cent and 23.2 per cent for coal, coke and briquettes, etc. and chemical materials and products respectively. The growth rate of imports of medicinal and pharmaceutical products

is recorded at 22.6 per cent. Rate of growth for silver imports is recorded at 20.1 per cent, at the same time, the growth rate in imports of Gold is recorded at 18.2 per cent. The minimum growth rate of imports is noticed at 15 per cent in case of other commodities.

## Conclusion

Trade policy in India is related to various multi- dimensional challenges as one comes across in today's era of uncertainty, falling global aggregate demand, protectionism, elimination of various export programmes and most importantly domestic preoccupations. Broadly, India's trade policy faces two kinds of challenges viz. domestic challenges and external challenges. However, India with its various initiatives like 'Digital India', 'Make in India' and 'Skill India' has been trying to create an export promotion environment and thus with a view to expand and diversify.

Higher growing imports has been found in pulses, vegetable oil, petroleum, crude and products, fertilisers, crude and manufactured, metalliferous ores and other minerals, steel and iron, non-ferrous metals, electrical, non-electrical, transport equipment, goods related to electronics, organic & inorganic chemicals, artificial resins, chemical products, coal, etc., medicinal and pharmaceutical products, gold and silver. More efforts should be made to reduce the rate of growth of these imports. Less imports have been found in pulp and waste paper, sulphur and unroasted iron pyrites, newsprint, project goods, professional instrument, optical goods, etc. , textile yarn, pearls, precious and semi-precious stones and other commodities. So, much more efforts should be made to reduce the imports of the above mentioned products more and more. So the study mainly emphasises on reduction of imports.

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