

Foreign Trade



Trends of Foreign Trade in India
Part A

Introduction

- ❖ Foreign Trade is the important factor in economic development in any nation
- ❖ Foreign trade in India comprises of all imports and exports to and from India
- ❖ The Ministry of Commerce and Industry at the level of Central Government has responsibility to manage such operations
- ❖ The domestic production reveals on exports and imports of the country

Foreign Trade before Independence

- ❖ Before 1947 when India was a colony of the British, the pattern of her foreign trade was typically colonial
- ❖ India was a supplier of foodstuffs and raw materials to the industrialised nations particularly England and an importer of manufactured goods
- ❖ This dependence of on foreign countries for manufactures did not permit industrialisation home, rather as a result of the competition from British manufactures, the indigenous handicrafts suffered a severe blow

Foreign Trade Since Independence

- ❖ India's foreign trade post independence can be divided into several phases; these are
 - A. On the Eve of Planning- 1948-49 to 1950-51
 - B. The first Plan Period 1952-52 to 1955-56
 - C. The Second Plan Period 1956-57 to 1960-61
 - D. The Third Plan Period 1961-62 to 1965-66
 - E. Devaluation of 1960 and the period unto 1973-74
 - F. The Fifth Plan Period 1974-79
 - G. The Sixth and Seventh Plan Period - 1980 onwards
 - H. India's Foreign Trade 1989-90 and thereafter

A. On the Eve of Planning- 1948-49 to 1950-51

- ❖ On the eve of Planning, the foreign trade of India showed an excess of imports over exports
- ❖ The rise in imports was largely due to
 - A. Pent up demand of the war and the post war period as a consequence of various controls and restrictions
 - B. The shortage of food and basic raw materials like jute and cotton as a result of partition
 - C. The rise in the imports of machinery and equipment or capital goods- to meet the growing demand for hydroelectric and other projects started during the period

B. The first Plan Period 1952-52 to 1955-56

- ❖ The Annual average value of imports during the first plan was Rs 730 crores and of that of exports Rs 622 crores
- ❖ In this way, the average annual trade deficit worked out to be Rs 180 crores
- ❖ Trade deficit was largely due to the programmes of industrialisation which gathered momentum and pushed up the imports of capital goods
- ❖ There was no improvements of exports

C. The Second Plan Period 1956-57 to 1960-61

- ❖ During the Second plan, a massive programme of Industrialisation was initiated
- ❖ This includes the setting up of the steel plants, heavy expansion and renovation of Railways and modernisation of many industries
- ❖ As a result, the quantum of imports reached a very high level
- ❖ Food-grains imports had to be resorted to overcome internal shortages and rising prices

To be Continued...

Thank You