Changing Structure of India's Foreign Trade Since Liberalisation

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Abstract:

Government of India introduced the liberalization policy in 1991 lead to the economic reforms in the country. The policy reversed the direction of trade followed for decades. The policy primarily focused on the export growth of the country. In order to attract capital intensive industries, special Economic Zones were set up to avoid red -tapism in transactions and restrictive labor laws. As on 30th June, 2022 there were 376 SEZ's and out of which 268 were operational (30th March, 2022), which reported an export of 37.5 billion USD as on 30th June, 2022. Out of the total employment of 26,96,180 persons in SEZs an incremental employment of 2561176(95%) was generated after February, 2006 after SEZ Act came into force. The Government of India, can come up with measures to reduce the trade deficits of the country like diversify its export destinations to reduce dependence on a few countries and reduce the impact of economic slowdown in any single market, focus on exports of high-value products such as IT services, pharmaceuticals, and engineering goods which have high demand in the global market, encourage domestic production by providing tax benefits and other incentives to domestic manufacturers, thereby reducing the need for imports, Improving the logistics and transportation infrastructure can help in reducing the cost of exports and increase efficiency

Introduction

Government of India introduced the liberalization policy in 1991 lead to the economic reforms in the country. The policy reversed the direction of trade followed for decades. The policy primarily focused on the export growth of the country.

The import licensing scheme was totally abolished and tariff protection was reduced. The policy didn't make any change in the structure of export incentives and subsidies. Indian financial services industry was gradually being liberalized. Services such as shipping, roads, telecommunications, ports and airports opened up. But due to administrative barriers foreign participation was relatively low. In order to comply with the TRIP's agreement India amended its copyright law. There had been significant reduction in tariff rates but important licenses continue to be the main non-tariffbarrier. Over the years the number of goods subject to import licensing reduced with emphasis on industries and capital goods rather than consumer products.

Foreign investment regime of the country opened up to a number of sectors for FDI except few sensitive sectors. India began to make use of all measures to protect the domestic economy under the WTO rules. The protective measures include the levy of anti-dumping and countervailing duties.

But India's export prohibition and restrictions have unchanged since 2002.A number of duty remission and exemption schemes have been in place to facilitate exports. Tax holiday schemes were offered to certain sectors like electronics, EPZs, EOU, SEZs etc. Several measures were taken to control the foreign trade. India entered into several Preferential Trading Agreements with south and South East Asian Countries. Because of all these efforts, by GOI India's foreign trade has been geographically diversified.

In order to attract capital intensive industries, special Economic Zones were set up to avoid red -tapism in transactions and restrictive labor laws. As on 30th June, 2022 there were 376 SEZ's and out of which 268 were operational (30th March, 2022), which reported an export of 37.5 billion USD as on 30th June, 2022. Out of the total employment of 26,96,180 persons in SEZs an incremental employment of 2561176(95%) was generated after February, 2006 after SEZ Act came into force.

Review Of Literature

Ajay Sood (2022) argued that economic changes made in India in the early 1990s had a favourable impact on both imports and exports. Indian exports expanded as a

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result of improved product quality and a larger market as a result of the adoption of liberalized laws. On the other hand, rising demand for machinery, tools, and equipment led to a rise in imports. In the years following the reforms, demand for petroleum products and crude oil remained rising, which raised the amount of the import bill relative to export revenues.

Naveen Kumar Tiwari and Sambit Kumar Mishra (2021) stated that foreign trade has been essential to every nation's economic development and prosperity. Because of the interconnection of economies, growing specialisation, and joining regional cooperation, foreign commerce has gained a tremendous significance and substance for economic development of a country in modern times. The major economic reform programme was initiated in 1991 with an emphasis on the external sector, where protective tariffs were reduced, reforms to foreign investment were made, and the onerous import licensing system was loosened and made simpler. India's foreign commerce has significantly changed since the implementation of the New Economic Reforms; both the amount and character of trade frequently changed.

According to **Damitha Amarasena (2020),** the government of India implemented various adjustments to the nation's economic policy in 1991 under the umbrella of "New Economic Reforms" in the areas of trade, foreign investment, tariffs, and excise. Liberalization, Privatization, and export promotion have been the key driving forces behind these reforms. India's international commerce has undergone tremendous transformation since the reforms. Our economy's GDP has grown significantly as a result of the manufacturing sector's contributions, and this has increased trade.

Pragyan Parimita Nayak, Rashmita Khatei and LipunaKhatei (2019) observed that The Indian government's economic reform strategy has had a favourable influence on trade volume and value. During the years after the reform, India's international trade's exports, imports, and unfavourable trade balance all grow significantly in value and volume. Although the majority of these changes have been in line with the economy's needs for development, the issue of trade balance imbalances requires quick response. The cumulative deficits in India's balance of payments (BoP) are caused by a consistently expanding trade imbalance. Even though it has picked up since 2002, India's export growth hasn't been particularly fast over the majority of the post-reform periods (1993-2005).

SnehLata (2018) identified that the Indian economy has seen a significant transformation as a result of its liberalization, privatization, globalization, and adoption of open foreign commerce. The volume of trade has expanded, and India's exports has followed suit. The new colony's liberalization strategy has broadly boosted import and export.

Preeti Dabas (2018) investigated that India consistently experienced a trade imbalance throughout the post-reform era, and imports were also much higher than exports. Due to this, India's exports of goods and services as a percentage of GDP were consistently lower than its imports of goods and services. However, since 1990, India's proportion of global exports has increased by more than three times.

Manoj Kumar Sinha (2016) India needs to make the necessary reforms to its trade policy in order to take advantage of opportunities on the world market and boost exports. rightfully just changed its FDI strategy to "Make in India." The production of manufactured and industrial items for export could be increased as a result. In order to promote exports, India's FDI strategy and international trade policy must be combined. India must change the way it exports in order to transition to more knowledge- and skill-intensive goods and services with competitive global quality.

Rajesh K Pillania(2014) has found that over the sixty years since India's independence, overseas trade has developed significantly. In the 1950s and 1960s, India's market share was eroded by other nations, and commerce has since stagnated. The government's policies and the prevalent notions of export pessimism and import substitution have a detrimental effect. The situation started to become better in the 1970s, and exports started to increase after 2002 in particular during the post-liberalization era. Currently, manufactured goods and services make up the majority of its makeup. Recently, the contribution of service exports has increased significantly. India's proportion of global exports of services is more than twice as large as its share of exports of goods. It is now more evenly spread globally and the percentage of East Asians has increased.

Methodology

The paper examines the changing structure of foreign trade scenario of India in terms of value of trade, composition of goods traded, direction of trade and balance of trade during the last thirty years since liberalization. The study intends to have a look on the trade scenario since liberalization measuresin the country. The trade data for the period are analyzed by isolating the data into three phases. Phase I covers a period of ten terminal years during the initial phases of liberalized era ie from 1991-92 to 2000-2001, Phase II covers the second ten years of the liberal era i.e. 2001-02 to 2010-11 and Phase III covers the next ten years of the liberal era i.e. 2011-12 to 2020-21. The proportions of value of trade in each phase, commodity wise and region-wise, are the core data forthe analysis.

The data are primarily collected from the official website of Reserve Bank of India (RBI) Tools such as ANOVA and MANOVA are used to observe the changes in the average values of different variables over the different subsections of the data.

Data Analysis

The structural changes in the foreign trade scenario of the country since liberalization have been analyzed and reported in three parts. The first part deals with analysis of exports, the second part deals with analysis of

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imports and the third part looks into the balance of trade position. Commodity-wise and region-wise examinations of the data have been done toexplore structural changes over the three phases.

ANALSYSIS OF EXPORTS

1. COMMODITY-WISE PROPORTION OF GOODS TO TOTAL EXPORTS

The ANOVA results of proportions of commodity-wise exports to total exports in each of the three phases confirm that with regard to each category of commodities there is significant difference in the proportions of exports over the three phases. (Table 1 and 2). Moreover, the MANOVA results confirm that all the categories of commodities together in the three phases, as a set, differ significantly indicating structural changes over the phases (Table 3).

Table 1 COMMODITY-WISE PROPORTION OF GOODS TO TOTAL EXPORTS

ANOVA		Sum of Squares	df	Mean Square	F	Sig.
PRIMARY PRODUCTS	Between Groups	473.829	2	236.914	69.588	.000
	Within Groups	91.923	27	3.405		
	Total	565.751	29			
MANUFACTURED GOODS	Between Groups	620.103	2	310.052	15.955	.000
	Within Groups	524.699	27	19.433		
	Total	1144.802	29			
PETROLEUM PRODUCTS	Between Groups	933.130	2	466.565	32.172	.000
	Within Groups	391.559	27	14.502		
	Total	1324.688	29			
OTHER COMMODITY	Between Groups	308.616	2	154.308	84.262	.000
	Within Groups	49.445	27	1.831		
	Total	358.061	29			

Note: * Significant at 5 per cent
Source: SPSS Generated Result Using Export Data from RBI

Table 2: Post hoc ANOVA Details of Commodity-wise Proportions of Exports

Multiple Comparisons							
LSD							
Dependent Variable	(I) PHASE	(J) PHASE	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
PRIMARY PRODUCTS	1	2	5.45600*	.82517	.000	3.7629	7.1491
		3	9.71000*	.82517	.000	8.0169	11.4031
	2	1	-5.45600*	.82517	.000	-7.1491	-3.7629
		3	4.25400*	.82517	.000	2.5609	5.9471
	3	1	-9.71000*	.82517	.000	-11.4031	-8.0169
		2	-4.25400*	.82517	.000	-5.9471	-2.5609
MANUFACTURED GOODS	1	2	6.42500*	1.97146	.003	2.3799	10.4701
		3	11.09000*	1.97146	.000	7.0449	15.1351
	2	1	-6.42500*	1.97146	.003	-10.4701	-2.3799
		3	4.66500*	1.97146	.025	.6199	8.7101
	3	1	-11.09000*	1.97146	.000	-15.1351	-7.0449
		2	-4.66500*	1.97146	.025	-8.7101	-.6199
PETROLEUM PRODUCTS	1	2	-9.73660*	1.70307	.000	-13.2310	-6.2422
		3	-13.16700*	1.70307	.000	-16.6614	-9.6726
	2	1	9.73660*	1.70307	.000	6.2422	13.2310
		3	-3.43040	1.70307	.054	-6.9248	.0640
	3	1	13.16700*	1.70307	.000	9.6726	16.6614
		2	3.43040	1.70307	.054	-.0640	6.9248
OTHER COMMODITY	1	2	-2.12600*	.60519	.002	-3.3678	-.8842
		3	-7.61300*	.60519	.000	-8.8548	-6.3712
	2	1	2.12600*	.60519	.002	.8842	3.3678
		3	-5.48700*	.60519	.000	-6.7288	-4.2452
	3	1	7.61300*	.60519	.000	6.3712	8.8548
		2	5.48700*	.60519	.000	4.2452	6.7288

Note: * Significant at 5 per cent
Source: SPSS Generated Result Using Export Data from RBI

Table 3: MANOVA Results of Commodity-wise Proportions of Exports

Effect		Value	F	Sig.
PHASE	Pillai's Trace	1.458	16.799	.000
	Wilks' Lambda	.047	21.654[b]	.000
	Hotelling's Trace	9.521	27.373	.000
	Roy's Largest Root	8.216	51.349[c]	.000

Note: * Significant at 5 per cent

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Source: SPSS Generated Result Using Export Data from RBI

The mean of proportions of commodity wise exports during the three phases shown in Figure 1 gives conclusive evidence that that the commodity wise proportion to total exports in the three phases vary significantly. The share of manufactured goods exported significantly declined to 65per cent of total export during Phase III in comparison to 76 per cent in Phase 1.

Figure 1 Mean of Proportions of Commodity wise Export of India (%)
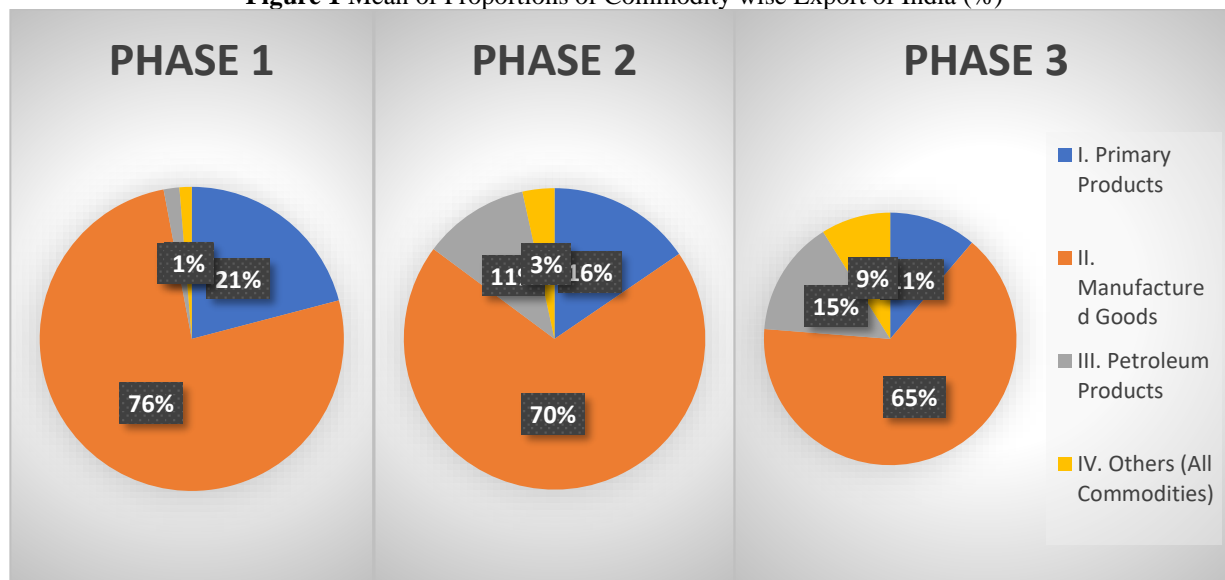
2. REGION-WISE PROPORTIONS OF EXPORTS

Table 4: ANOVA of Region-wise Proportions of Exports

Region	Sources of variation	Sum of Squares	df	Mean Square	F	Sig.
OECD	Between Groups	2077.800	2	1038.900	72.736	.000
	Within Groups	385.646	27	14.283		
	Total	2463.446	29			
OPEC	Between Groups	281.265	2	140.632	24.309	.000
	Within Groups	156.199	27	5.785		
	Total	437.464	29			
EASTERN EUROPE	Between Groups	63.218	2	31.609	15.957	.000
	Within Groups	53.484	27	1.981		
	Total	116.702	29			
DEVELOPING COUNTRIES	Between Groups	1432.684	2	716.342	96.666	.000
	Within Groups	200.083	27	7.410		
	Total	1632.767	29			
OTHERS/ UNSPECIFIED COUNTRIES	Between Groups	.171	2	.085	.031	.970
	Within Groups	75.286	27	2.788		
	Total	75.456	29			

Note: * Significant at 5 per cent

Source: SPSS Generated Result Using Export Data from RBI

Table 5 Post hoc ANOVA Details of Region-wise Proportions of Exports

Dependent Variable	(I) PHASE	(J) PHASE	Mean Difference (I-J)	Std. Error	Sig.
OECD	1.00	2.00	14.67300*	1.69016	.000
		3.00	19.59200*	1.69016	.000
	2.00	1.00	-14.67300*	1.69016	.000
		3.00	4.91900*	1.69016	.007
	3.00	1.00	-19.59200*	1.69016	.000
		2.00	-4.91900*	1.69016	.007
OPEC	1.00	2.00	-6.75200*	1.07565	.000
		3.00	-6.20400*	1.07565	.000
	2.00	1.00	6.75200*	1.07565	.000
		3.00	.54800	1.07565	.615
	3.00	1.00	6.20400*	1.07565	.000

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		2.00	-.54800	1.07565	.615
EASTERN EUROPE	1.00	2.00	2.73200*	.62943	.000
		3.00	3.33700*	.62943	.000
	2.00	1.00	-2.73200*	.62943	.000
		3.00	.60500	.62943	.345
	3.00	1.00	-3.33700*	.62943	.000
		2.00	-.60500	.62943	.345
DEVELOPING COUNTRIES	1.00	2.00	-10.50800*	1.21741	.000
		3.00	-16.74700*	1.21741	.000
	2.00	1.00	10.50800*	1.21741	.000
		3.00	-6.23900*	1.21741	.000
	3.00	1.00	16.74700*	1.21741	.000
		2.00	6.23900*	1.21741	.000
OTHERS/ UNSPECIFIED COUNTRIES	1.00	2.00	-.14900	.74678	.843
		3.00	.02000	.74678	.979
	2.00	1.00	.14900	.74678	.843
		3.00	.16900	.74678	.823
	3.00	1.00	-.02000	.74678	.979
		2.00	-.16900	.74678	.823

Note: * Significant at 5 per cent
Source: SPSS Generated Result Using Export Data from RBI

Table 6: MANOVA Results of Region-wise Proportions of Exports

|	Effect	Value	F	Hypothesis df	Error df	Sig.
PHASE	Pillai's Trace	1.243	7.879	10.000	48.000	.000
	Wilks' Lambda	.060	14.167[b]	10.000	46.000	.000
	Hotelling's Trace	10.602	23.325	10.000	44.000	.000
	Roy's Largest Root	10.103	48.495[c]	5.000	24.000	.000

Note: * Significant at 5 per cent
Source: SPSS Generated Result Using Export Data from RBI

The region-wise analysis of proportions of exports to total export during the three phases is given in Table 4 and 5. The analysis shows that there is significant difference in the proportions of exports over the three phases except in the case of exports to 'Other Countries' (Table 5). However, the multivariate analysis confirms that all the regions together in the three phases vary significantly (Pillai's Trace – p value 0.000). The means of proportions of region-wise exports during the phases given in Figure 2 confirm the results.

India's exports to OECD decreased considerably from 57 per cent in Phase I, to 42 per cent in Phase II and to 37 per cent in Phase III. While the exports to Developing Countries reported a two fold increase from 27 per cent in Phase I to 37 per cent in Phase II and 44 per cent in Phase 3 (Figure 2). The proportion of exports to OPEC increased steadily over the first two phases (10 per cent, 17 per cent Phase I, Phase II).

Figure 2 Mean of Proportions of Region wise Export of India (%)
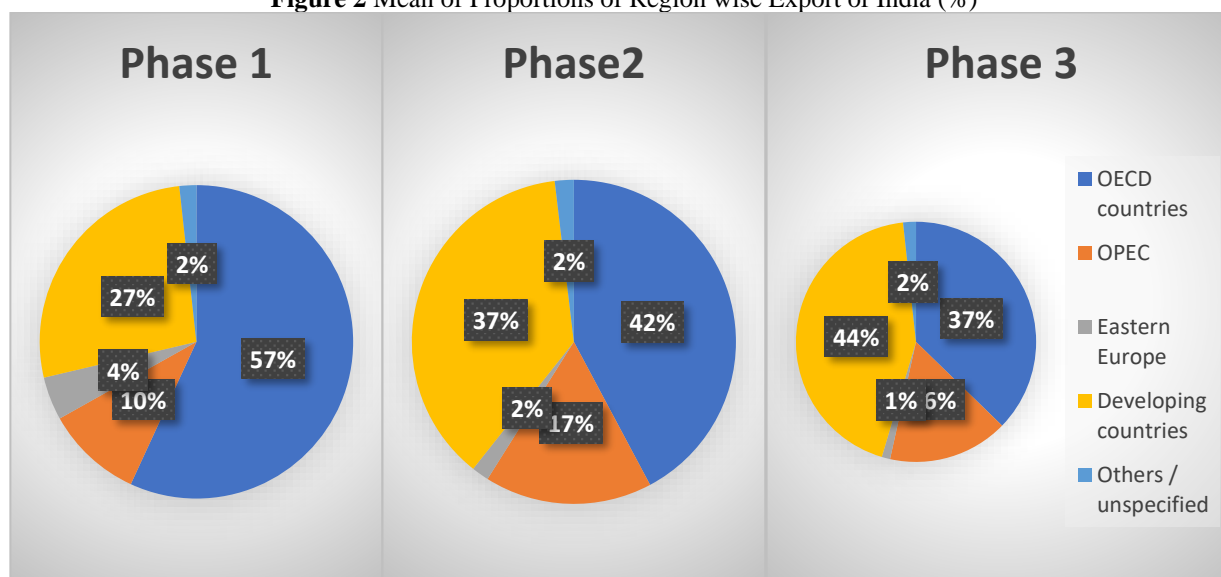
Analysis Of Imports

Analysis of Imports both commodity wise and Region wise in the three phases are covered in this session.

1.COMMODITY-WISE PROPORTION OF GOODS TO TOTAL IMPORTS

ANOVA and post hoc analysis of commodity wise proportion of goods to total imports is depicted in Table 7 and Table 8 revels that the import of Petroleum products, export related goods and other goods over the three decades are significant. But the MANOVA values depicted in the Table 9 shows that all the commodity wise proportion of goods to total imports in the three phases vary significantly (Pillai's Trace, p value .000). It is evident from the Figure 3 that the changes mean proportions of import of bulk consumption goods (3 per cent in all the 3 phases) and capital goods(23 per cent in phase 1 to 24 per cent in phase 3)are nominal but the changes in the proportions of petroleum goods (from 24 per cent is phase 1 to 28 per cent in stage 3), export related goods(decreased from 17 per cent to 10 per cent in phase 3) and other goods(from 33 per cent to 35 per cent in phase 3) are found to be significant.

Table 7 ANOVA OF COMMODITY-WISE PROPORTION OF GOODS TO TOTAL IMPORTS

		Sum of Squares	df	Mean Square	F	Sig.
PETROLEUM PRODUCTS	Between Groups	151.811	2	75.905	4.181	.026
	Within Groups	490.200	27	18.156		
	Total	642.011	29			
BULK CONSUMPTION	Between Groups	1.547	2	.774	.676	.517
	Within Groups	30.882	27	1.144		
	Total	32.430	29			
EXPORT RELATED GOODS	Between Groups	239.829	2	119.914	26.882	.000
	Within Groups	120.439	27	4.461		
	Total	360.268	29			
CAPITAL GOODS	Between Groups	3.942	2	1.971	.202	.819
	Within Groups	263.824	27	9.771		
	Total	267.766	29			
OTHER GOODS	Between Groups	55.208	2	27.604	5.162	.013
	Within Groups	144.377	27	5.347		
	Total	199.585	29			

Note: * Significant at 5 per cent
Source: SPSS Generated Result Using Import Data from RBI

Table 8 Post hoc ANOVA Details of Commodity-wise Proportions of Imports

Dependent Variable	(I) PHASE	(J) PHASE	Mean Difference (I-J)	Std. Error	Sig.
PETROLEUM PRODUCTS	1	2	-5.31700*	1.90555	.010
		3	-3.91100*	1.90555	.050
	2	1	5.31700*	1.90555	.010
		3	1.40600	1.90555	.467
	3	1	3.91100*	1.90555	.050
		2	-1.40600	1.90555	.467
BULK CONSUMPTION	1	2	.43300	.47829	.373
		3	-.08600	.47829	.859
	2	1	-.43300	.47829	.373
		3	-.51900	.47829	.287
	3	1	.08600	.47829	.859
		2	.51900	.47829	.287
EXPORT RELATED GOODS	1	2	3.82000*	.94453	.000
		3	6.91300*	.94453	.000
	2	1	-3.82000*	.94453	.000
		3	3.09300*	.94453	.003
	3	1	-6.91300*	.94453	.000
		2	-3.09300*	.94453	.003
CAPITAL GOODS	1	2	-.12300	1.39795	.931
		3	-.82300	1.39795	.561
	2	1	.12300	1.39795	.931
		3	-.70000	1.39795	.621
	3	1	.82300	1.39795	.561
		2	.70000	1.39795	.621
OTHER GOODS	1	2	1.19100	1.03415	.260
		3	-2.09100	1.03415	.053
	2	1	-1.19100	1.03415	.260
		3	-3.28200*	1.03415	.004
	3	1	2.09100	1.03415	.053
		2	3.28200*	1.03415	.004

Note: * Significant at 5 per cent

Source: SPSS Generated Result Using Import Data from RBI

Table 9 MANOVA Results of Commodity-wise Proportions of Imports

Multivariate Tests[a]						
Effect		Value	F	Hypothesis df	Error df	Sig.
PH	Pillai's Trace	.991	4.715	10.000	48.000	.000
	Wilks' Lambda	.212	5.388[b]	10.000	46.000	.000
	Hotelling's Trace	2.757	6.065	10.000	44.000	.000
	Roy's Largest Root	2.349	11.275[c]	5.000	24.000	.000

Note: * Significant at 5 per cent
Source: SPSS Generated Result Using Import Data from RBI

Figure 3 Mean of Proportions of commodity wise Import of India (%)
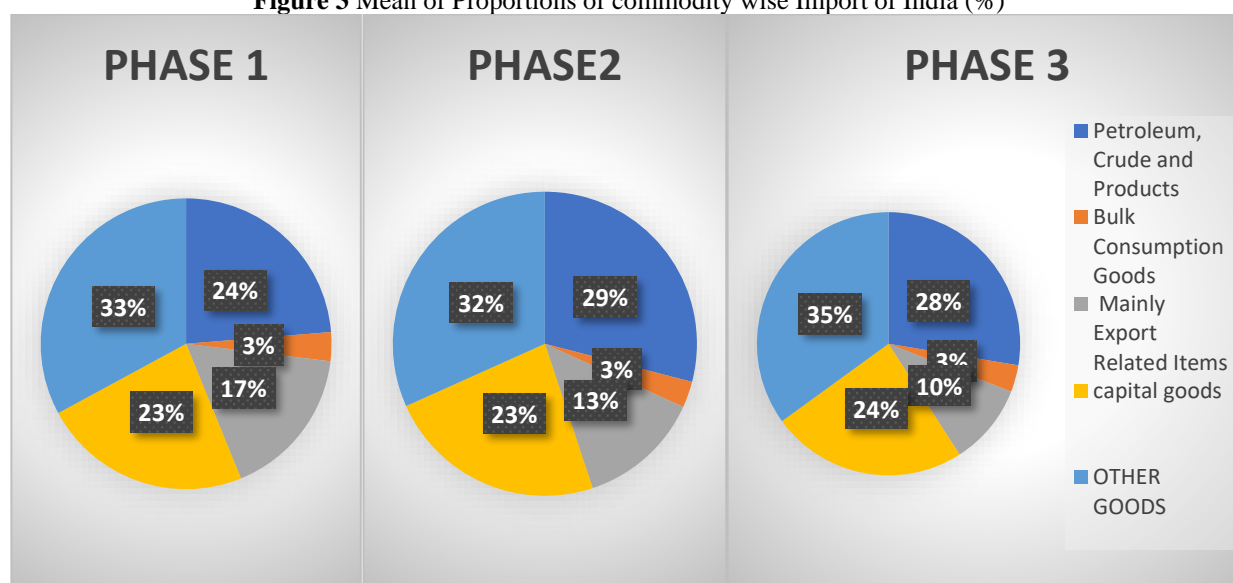
The ANOVA results of region wise proportion of total imports in all the three phases vary significantly except OPEC countries. Further, the MANOVA results shown on table 12 confirms that the region wise proportions of imports (Pillai's Trace p value.000) in these three phases vary significantly. The mean proportions of imports of OECD countries decreased considerable from 51 per cent to 28 per cent in phase III. While the imports from developing countries increased from 23 per cent in phase I to 41 per cent in phase III. Imports to other unspecified countries in increased to 14 per cent in phase II from 3 per cent in phase I, but it again decreased to I per cent in phase III.

2. Region-wise Proportions of Imports

Table :10 ANOVA of India's Region-wise Proportions of Imports

|		Sum of Squares	df	Mean Square	F	Sig.
OECD	Between Groups	2621.282	2	1310.641	103.262	.000
	Within Groups	342.695	27	12.692		
	Total	2963.977	29			
OPEC	Between Groups	424.640	2	212.320	2.688	.086
	Within Groups	2132.659	27	78.987		
	Total	2557.300	29			
EASTERN EUROPE	Between Groups	5.264	2	2.632	5.159	.013
	Within Groups	13.774	27	.510		
	Total	19.038	29			
DEVELOPING COUNTRIES	Between Groups	1667.121	2	833.561	53.702	.000
	Within Groups	419.095	27	15.522		
	Total	2086.216	29			
UNSPECIFIED COUNTRIES	Between Groups	1029.852	2	514.926	5.053	.014
	Within Groups	2751.659	27	101.913		
	Total	3781.511	29			

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Table 11: Post hoc ANOVA Details of Region-wise Proportions of Imports

Dependent Variable	(I) PHASE	(J) PHASE	Mean Difference (I-J)	Std. Error	Sig.
OECD	1.00	2.00	15.30400*	1.59326	.000
		3.00	22.40100*	1.59326	.000
	2.00	1.00	-15.30400*	1.59326	.000
		3.00	7.09700*	1.59326	.000
	3.00	1.00	-22.40100*	1.59326	.000
		2.00	-7.09700*	1.59326	.000
OPEC	1.00	2.00	.94400	3.97460	.814
		3.00	-7.46700	3.97460	.071
	2.00	1.00	-.94400	3.97460	.814
		3.00	-8.41100*	3.97460	.044
	3.00	1.00	7.46700	3.97460	.071
		2.00	8.41100*	3.97460	.044
EASTERN EUROPE	1.00	2.00	.91300*	.31942	.008
		3.00	.86200*	.31942	.012
	2.00	1.00	-.91300*	.31942	.008
		3.00	-.05100	.31942	.874
	3.00	1.00	-.86200*	.31942	.012
		2.00	.05100	.31942	.874
DEVELOPING COUNTRIES	1.00	2.00	-5.92300*	1.76193	.002
		3.00	-17.92000*	1.76193	.000
	2.00	1.00	5.92300*	1.76193	.002
		3.00	-11.99700*	1.76193	.000
	3.00	1.00	17.92000*	1.76193	.000
		2.00	11.99700*	1.76193	.000
UNSPECIFIED COUNTRIES	1.00	2.00	-11.22500*	4.51472	.019
		3.00	2.13200	4.51472	.641
	2.00	1.00	11.22500*	4.51472	.019
		3.00	13.35700*	4.51472	.006
	3.00	1.00	-2.13200	4.51472	.641
		2.00	-13.35700*	4.51472	.006

Table 12: MANOVA Results of Region-wise Proportions of Imports

Multivariate Tests[a]						
PHASE	Pillai's Trace	1.341	9.761	10.000	48.000	.000
	Wilks' Lambda	.048	16.485[b]	10.000	46.000	.000
	Hotelling's Trace	11.852	26.075	10.000	44.000	.000
	Roy's Largest Root	11.118	53.368[c]	5.000	24.000	.000

Figure 4 Mean of Proportions of Region-wise Proportions of Imports
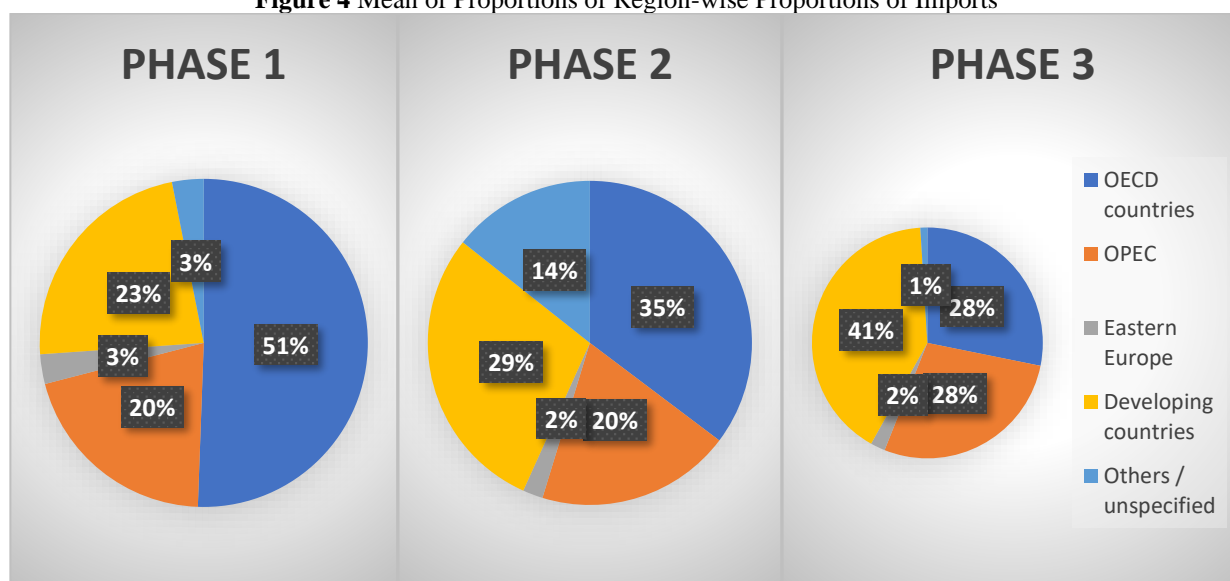
Analysis of Region wise balance of trade using ANOVA and post hoc analysis reveals that there is significant difference in the three phases other than other unspecified countries (p value .062) (Table 13 and 14). The MANOVA results also confirms that if all the regions are taken together, as a set, the proportions of balance of trade differ significantly (Pillai's Trace –p value 0.000). The mean proportions of balance of trade

also shows that(Figure 5) the mean proportions of balance of trade of OECD countries vary significantly in the three phases and the developing countries balance of trade is improved.

Analysis Of Balance Of Trade

1. REGION-WISE PROPORTIONS OF BALANCE OF TRADE

Table 13: ANOVA of Region-wise Proportions of Balance of Trade

|		Sum of Squares	df	Mean Square	F	Sig.
OECD COUTRIES	Between Groups	3471844.945	2	1735922.472	5.306	.011
	Within Groups	8833760.924	27	327176.331		
	Total	12305605.869	29			
OPEC COUNTRIES	Between Groups	120316350.077	2	60158175.038	47.399	.000
	Within Groups	34267841.698	27	1269179.322		
	Total	154584191.775	29			
EASTERN EUROPE	Between Groups	791715.631	2	395857.816	46.093	.000
	Within Groups	231880.820	27	8588.179		
	Total	1023596.452	29			
DEVELOPING COUNTRIES	Between Groups	66478658.226	2	33239329.113	42.586	.000
	Within Groups	21074097.266	27	780522.121		
	Total	87552755.492	29			
OTHER COUNTRIES	Between Groups	1626566.134	2	813283.067	3.084	.062
	Within Groups	7119962.484	27	263702.314		
	Total	8746528.617	29			

Table 14: Post hoc ANOVA Details of Region-wise Balance of Trade

Dependent Variable	PHASE	PHASE	Mean Difference	Std. Error	Sig.
OECD COUTRIES	1.00	2.00	570.151*	255.803	.034
		3.00	811.358*	255.803	.004
	2.00	1.00	-570.151*	255.803	.034
		3.00	241.207	255.803	.354
	3.00	1.00	-811.358*	255.803	.004
		2.00	-241.207	255.803	.354
OPEC COUNTRIES	1.00	2.00	993.064	503.821	.059
		3.00	4656.799*	503.821	.000
	2.00	1.00	-993.064	503.821	.059
		3.00	3663.735*	503.821	.000
	3.00	1.00	-4656.799*	503.821	.000
		2.00	-3663.735*	503.821	.000
EASTERN EUROPE	1.00	2.00	91.932*	41.444	.035
		3.00	381.255*	41.444	.000
	2.00	1.00	-91.932*	41.444	.035
		3.00	289.323*	41.444	.000
	3.00	1.00	-381.255*	41.444	.000
		2.00	-289.323*	41.444	.000
DEVELOPING COUNTRIES	1.00	2.00	390.049	395.101	.332
		3.00	3334.721*	395.101	.000
	2.00	1.00	-390.049	395.101	.332
		3.00	2944.672*	395.101	.000
	3.00	1.00	-3334.721*	395.101	.000
		2.00	-2944.672*	395.101	.000
OTHER COUNTRIES	1.00	2.00	439.622	229.653	.066
		3.00	-94.886	229.653	.683
	2.00	1.00	-439.622	229.653	.066
		3.00	-534.508*	229.653	.028
	3.00	1.00	94.886	229.653	.683
		2.00	534.508*	229.653	.028

Table 15: MANOVA Results of Region-wise Balance of Trade

Multivariate Tests[a]						
	Effect	Value	F	Hypothesis df	Error df	Sig.
PHASE	Pillai's Trace	1.351	9.995	10.000	48.000	.000
	Wilks' Lambda	.048	16.427[b]	10.000	46.000	.000
	Hotelling's Trace	11.558	25.427	10.000	44.000	.000
	Roy's Largest Root	10.785	51.766[c]	5.000	24.000	.000

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Figure 4 Mean of Proportions of Region-wise Balance of Trade
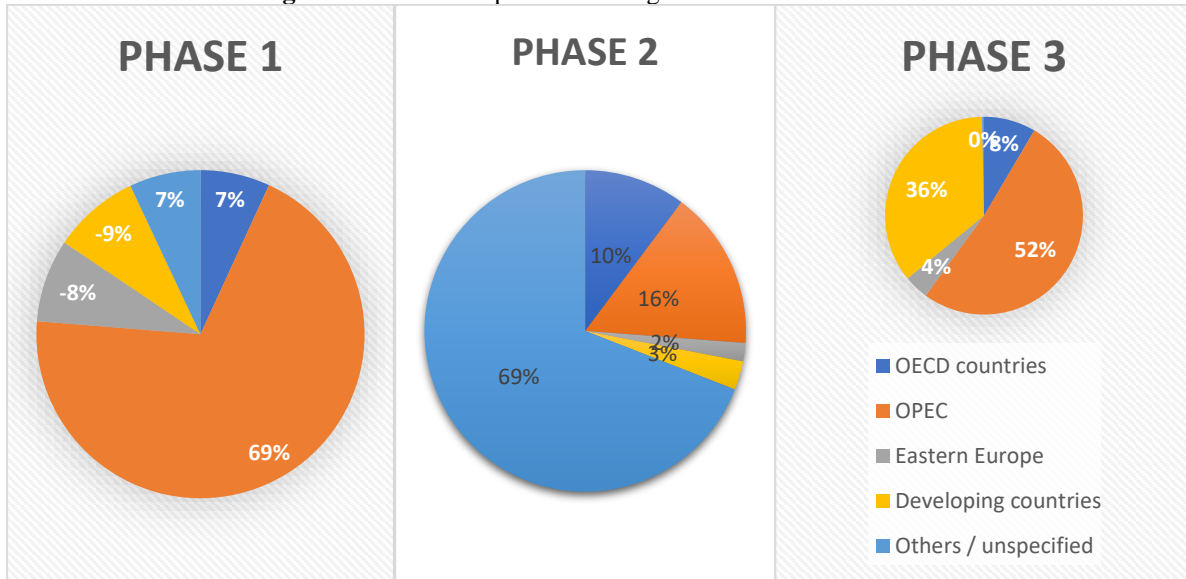
ANALYSIS OF RATIO OF BALANCE OF TRADE TO GDP

An analysis of ratio of India's Balance of Trade to GDP given in Table 16 and 17 shows that there is significant difference in the ratio over the three phase (p value 0.000).

Table 16: ANOVA of Ratio of Balance of Trade to GDP

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	162.172	2	81.086	16.404	.000
Within Groups	133.467	27	4.943		
Total	295.639	29			

Note: * Significant at 5 per cent
Source: SPSS Generated Result Using Trade Data from RBI

Table 17: Post hoc ANOVA Details of Ratio of Balance of Trade to GDP

Phase	Phase	Mean Difference	Std. Error	Sig.
1.00	2.00	4.22787*	.99430	.000
	3.00	5.41843*	.99430	.000
2.00	1.00	-4.22787*	.99430	.000
	3.00	1.19056	.99430	.242
3.00	1.00	-5.41843*	.99430	.000
	2.00	-1.19056	.99430	.242

Note: * Significant at 5 per cent
Source: SPSS Generated Result Using Trade Data from RBI

Conclusion

The analysis of the India's Foreign trade in terms of value of trade, composition, direction and balance of trade revealed that there is significant changes over the years in the foreign trade scenario of the country, but still suffering from trade deficits. As of 2021, the current trade deficit of India is estimated to be around $190 billion compared to $160 billion in the year 2020.

The Government of India, can come up with measures to reduce the trade deficits of the country like diversify its export destinations to reduce dependence on a few countries and reduce the impact of economic slowdown in any single market, focus on exports of high-value products such as IT services, pharmaceuticals, and engineering goods which have high demand in the global market, encourage domestic production by providing tax benefits and other incentives to domestic manufacturers, thereby reducing the need for imports, Improving the logistics and transportation infrastructure can help in reducing the cost of exports and increase efficiency

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