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INTERNATIONAL TRADE: DIRECTION AND DIMENSION

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ABSTRACT
Development is the main aim of every economy. Economic development increasingly depends on trade. The growing importance of the developing countries in international trade reveals that a country with immense natural and human resources can surely benefit through their strategic move in the international changed world. The economic reform process introduced in the beginning of the 1990s with the focus on liberalisation has enabled increased integration of the Indian economy with the rest of the world.

KEYWORDS
international trade, economic development.

INTRODUCTION
Trade has been the most outstanding characteristic of International economics as well as development economics. Globalization and increasing economic interdependence among national economics are indeed very important. Economic globalization has entailed a few key developments in trade, finance and FDI. International trade has grown more rapidly than the global as well as domestic economic output. In addition to the great expansion of merchandise trade (goods), trade in services (banking insurance, I & T) are also significantly increased with the immense expansion of world trade. International competition has greatly increased. Although consumers and export sectors within individual nations benefit from increased openness, & competition between domestic and foreign firms raised efficiency among the infant industries (name sake) and private industries/firms. During 1980s and 1990s, trade competition become even more intense as a growing number of industrializing economies in East Asia and whole Asian countries. The end of the cold war and the growth of economic globalization coincided with new industrial revolution and trade liberalization and expansion, largely as a consequence of successive rounds of trade negotiations carried out under the GATT and by strong support by the American leaders.

Consequently, international trade integrated national economies more closely with one another. After Mid-1970s, global stagflation, new protectionism, again major steps were taken towards further trade liberalization with new rounds of trade negotiations, and particularly with the successful completion of Uruguay round negotiations (1993). The Uruguay round created the WTO (world trade organization) to replace the increasingly obsolescent GATT. At the opening of the twenty-first century, the free trade regime is again threatened by several new problems like cut throat competition, TRIPS, NAMA like several obstacles increased among developed and LDCs. Till today, WTO is existing with several severe disparities and limits. (Seattle, Doha summits)

The impact of Neo-liberal policies of IMF and World Bank made India to integrate its economy with the world economy through NLP like globalization, Liberalization and privatization in 1991. Before that in 1985 it some symptoms of liberal economy appeared started in India. While globalization today has opened up new opportunities, not only for richer section but also for middle class people who are how the parameters of consumption led growth in India. The neoliberal economic principles started in India officially from 1991, in that time when India with serious economic crisis like Inflation, deterioration in exchange value of rupee rate, lack of exchange reserves even to import goods to feed the economy, approached international institutions as they are the lender of last resort for assured help. The consequences of this development are LPG, neo-liberal policies. Globalization encourages market-driven policies. Globalization implies an integration of markets, not only for goods and services but also free flow of finance.

Trade and Development and Economy: The main Aim of every economy is development, which increasingly depends on trade. Today no country can stay in vacuumed, not in isolation, economic integration and co-operation and co-ordination are the essential evils to growth. (E.g.WTO-Russia-Doha). this circular link of progress is an unavoidable for all countries.

In the sixty years since India's independence, its relations with (the) all major power of the world are being strengthened, simultaneously with emerging economies in Asia, African, mainly with present emerged "Look east policy" brought a complete transformation in its trade policy and foreign policy. Indian economy has been completely transformed since 1991 as a first stage of development through import-led and import substitution led growth and later on since 2001-02, export-led growth strategy developed in the economy with raised export of services oil refinery development and IT, ITES (growth) raised share in the export.

According to the OECD (development) and late Mwalimu Julius Myesera the first president of Tanzania development can define by means of the following formula. Development means social factor (people's well being) - Democratic factor (people's right) – imperial factor (right of a nation to liberalization, liberation from foreign domination).

Countries are looking for opportunities to expand their export markets through free trade agreements. Awarding to WTO statistics, the number of free trade agreements (FIAs) notifies under WTO has reached 505 in 2011. FTA facilitates the enforcement of legally binding commitments among member nations by eliminating various trade barriers. (E.g. ASEAN, NAFIA, EV etc.). The growing importance of the developing countries in international trade reveals that a country with immense natural and human resources can surely benefit through their strategic move in the international changed world.

India's merchandise trade increased rapidly mainly after 2002. Today its share in the global exports and imports increased to 1.7 per cent and 2.5 percent in 2011 as per WTO report.

GROWTH OF INDIA'S PRINCIPAL EXPORTS
India's total export increased from 478.51 billion in 1991-92 to 13637.37 billion in 2009-10. The overall import can be broadly divided into two parts, such as bulk and non bulk imports. The bulk imports mainly consist of petroleum (pol) and consumer goods and non bulk consist of capital goods. This is the main cause for rising trade imbalance in India. The below table reveals the changing structural trend in its exports.

TABLE 1

YEAR	AAGR of bulk imports	POL / bulk imports	consumption goods/ blik imports	bulk imports/total imports	AAGR of non-bulk imports	IAAGR of Mainly Export Related Items	non-bulk Items /total import	Export Related Items /total import	1. c.A Fertilisers	7.C.B Iron and Steel	1. Pearls, Precious and Semi-Precious Stones	2. Edible Oils	AAGR of Capital Goods
1991-92	-32.4	62.2	3.2	44.1	-32.5	-25.8	55.9	18.4	23.52	19.70	48.25	2.48	-25.8
1992-93	-2.3	61.3	5.3	44.1	-25.7	-82.7	55.9	19.0	28.32	22.55	70.73	1.67	-49.2
1993-94	-24.4	63.1	3.6	39.1	-22.2	-22.5	60.9	18.8	25.91	24.94	82.63	1.67	-22.5
1994-95	-34.7	52.4	10.1	39.5	-37.4	-46.9	60.5	15.1	33.04	36.53	51.17	6.24	-44.1
1995-96	-21.3	52.6	6.8	39.0	-8.1	-1.9	61.0	14.3	56.29	48.38	70.45	22.62	-1.9
1996-97	5.4	61.3	7.4	41.8	-22.7	-20.2	58.2	15.7	32.35	48.66	103.84	29.29	-3.4
1997-98	-1.3	55.2	10.0	35.7	-23.7	-16.3	64.3	16.7	41.50	52.81	124.21	27.65	-16.3
1998-99	-53.0	48.4	19.1	31.2	-6.1	3.5	68.8	16.8	45.28	44.74	158.20	75.89	8.2
1999-00	-11.7	64.2	12.3	39.6	-4.4	-5.1	60.4	18.4	60.63	41.24	235.56	80.46	-5.1
2000-01	-1.6	75.2	6.9	41.2	-9.4	-59.9	58.8	15.9	34.35	35.54	219.64	59.77	-15.4
2001-02	-21.7	69.1	10.1	39.4	-20.9	-38.6	60.6	16.1	32.38	39.76	220.46	64.65	-38.6
2002-03	-15.1	72.6	9.9	39.6	-24.6	-72.9	60.4	16.8	30.29	45.67	293.41	87.80	-28.6
2003-04	-40.7	69.8	10.4	37.7	-38.8	-34.5	62.3	16.3	33.12	69.21	327.57	116.83	-34.5
2004-05	-42.0	70.4	7.3	38.0	-25.6	-88.6	62.0	15.3	61.88	119.95	423.38	110.77	-47.7
2005-06	-41.3	72.0	4.5	41.0	-17.6	-27.7	59.0	12.5	94.17	202.43	404.41	89.61	-27.7
2006-07	-18.8	67.7	5.1	45.5	-21.8	-55.1	54.5	9.6	142.27	290.71	338.81	95.40	-32.5
2007-08	-38.2	70.6	4.1	44.8	-33.8	-17.0	55.2	8.3	217.65	349.81	320.94	103.01	-17.0
2008-09	5.5	66.9	3.6	45.7	-3.2		54.3	10.7	626.73	435.80	762.63	158.38	5.4
2009-10		69.4	7.2	43.5			56.5	10.9	324.37	390.98	766.78	264.83	

The share of bulk imports in total imports was lower compared to the share of nonplus imports. In 1991 the bulk imports were 44 percent and it almost remained same till today. It share is 43.5 percent in 2009-10. Whereas the share of non bulk import was 55.9 per cent in 1991-92 and it also remained same in 2010 with 56.5 per cent with some fluctuation in last 20 years. When we look at the AAGR of bulk imports, it reveals that its growth rate was higher compared to non bulk imports which were mainly after 2003, with increased India's trade with outer world. In bulk imports POL share has been almost 65-70 percent of the total bulk imports over the years. The consumer goods share also rose mainly in between 1997-2003, after that it reduced but the overall fall was less than the first half of 1990s. It shows that with increased growth India is importing more and more consumer good, mainly the import of edible oil import rise to a larger extent over the years, which raised the import share of non oil imports nearer to oil imports in recent years. In non bulk imports the share of capital goods as well as export related items are rising mainly after 2001, which is the only positive trend in its total imports. Today India's Imports have been driven by an increase in the imports of mainly export-related items like pearls, precious and semi-precious stones and electronic goods. The period of economic recession was exception to some positive structural changes. The share of fertilizers in total imports higher than the share of iron and steel. The rising share of edible oil, fertilizers implies growing domestic demand for non-oil commodities in the growing economy.

GROWTH OF INDIA'S EXPORTS

The structural change in the total exports can be traced. India has gradually transformed from a predominantly primary products exporting country into an exporter of manufactured goods. Aided by various export promotion measures, the share of 'manufactured goods' in India's total exports increased. The share of agriculture and allied sectors total exports has been declined over the years. Share of manufactured goods' relatively rose over the years. Although India is the world's largest leading producers of a range of commodities. It has a largest share in the production of rice, coffee, wheat, sugar, cotton, coconuts, fruits, flowers and vegetables, dairy products, turmeric (patent issue) and some other commodities. Agriculture sector is providing for nearly (50 to 55 percent working population a direct employment through Agri and Allied sectors. Agriculture and allied sector contribute about 17 percent to GDP and about 25 percent to exports belong to agricultural products category (economic survey, 12). For example Basmati is a key exporting commodity mainly to Gulf countries like Saudi Arabia, Iran also to Europe and US. Recently many fruits mainly mangoes are getting more demand from EU, USA and some other countries. In agriculture goods sector the share of raw material reduced but it has been pre occupied by agri allied sections namely fruits and vegetables. Today food processed industry and floriculture are getting more demand from outside India. The share of manufactured goods has shown an improvement driven by the increasing share of chemical and allied products, engineering goods, textiles and handicrafts including gems and jeweler. The AAGR of the manufactured goods' rose over the years; its share in total export was 73 per cent in 1991 and over the years in rose to a maximum rate of 80 per cent in 1999-2000. After that the sect oral growth is not optimistic, it further reduced during 2007 economic recession. Minerals fuels ores, fuels and lubricants all are doing well. India's future lies in its petroleum products, which is nearly 2.23 per cent in 1991-92 and it consistently raised, in 2009-10 it is nearly 16 per cent in the total export. It is more promising major exporting category.

TABLE 2

YEAR	AAGR of primary products	AAGR of manufactured goods	AAGR of petroleum products	Manufactured Goods/ total exports	Petroleum Products/ total exports	AAGR of total exports	Rice/Agra products	Processed Fruits, Juices/ agri products	Fruits and Vegetables/ agri goods
1991-92	-10.13			73.60	2.32	-2.19	12.12	4.42	4.42
1992-93	-37.43	-25.44	-34.92	75.73	2.57	-29.92	11.83	2.51	3.44
1993-94	-6.19	-22.17	9.53	74.90	1.79	-1.85	8.06	3.28	3.28
1994-95	-48.26	-22.63	-4.90	77.49	1.58	-28.64	6.85	2.72	3.29
1995-96	-17.51	-19.34	-15.95	74.69	1.43	-1.17	11.04	2.59	2.59
1996-97	-0.16	-10.00	-12.69	73.54	1.44	-9.50	5.34	4.48	2.38
1997-98	-2.02	-11.44	23.35	75.83	1.01	-0.74	5.56	2.40	2.40
1998-99	3.00	-9.98	71.30	77.64	0.27	-14.17	9.75	2.81	2.13
1999-00	-15.16	-15.73	55.21	80.70	0.11	-2.76	5.29	2.65	2.65
2000-01	-4.94	-21.82	-4969.26	77.05	4.20	-2.68	3.94	4.83	3.09
2001-02	-23.32	-1.44	-18.32	76.14	4.84	-2.21	4.01	3.75	3.75
2002-03	-7.99	-22.38	-23.38	76.34	4.89	-14.98	5.53	4.57	3.66
2003-04	-33.84	-12.59	-31.50	75.96	5.59	-2.79	3.48	5.18	5.18
2004-05	-19.07	-22.46	-91.52	72.70	8.37	-21.60	4.67	3.35	4.70
2005-06	-22.85	-15.06	-64.10	70.39	11.29	-2.53	3.04	4.72	4.72
2006-07	-24.53	-19.61	-64.01	67.20	14.78	-14.71	2.14	3.20	0.21
2007-08	-5.05	-7.32	-35.11	63.21	17.41	-2.82	2.13	4.13	4.13
2008-09	-7.47	-36.61	-8.06	67.37	14.68	-0.57	1.72	3.94	5.60
2009-10		3.65	-7.70	64.63	15.72	10.00	1.59	6.37	6.37

BOP – Balance of payments accounts are the record of all monetary transactions between country and rest of the world. India being a largest economy in the world, having a medium stable BOP history. Through capital flows with increased integration of the Indian economy with the rest of the world the current as well as capital accounts transactions raised over the decades. The combined share of exports and imports of goods increased from 14.2 per cent of GDP in 1990-91 to about 43 per cent in 2011-12 according to the economic survey report. After the adaptation of liberalized economy in 1990s, Bop not showed stability in the initial stage, but in later stages, mainly in-between 2001-2004 achieved a surplus Bop record, but in later mainly since 2007 it adversely affected by Global financial crisis. Till today with rising oil and non-oil imports (POL and gold rush) current account deficit widening. Bop has been under increased stress recently due to the adverse effect of global economic crisis and domestic inflation, which also turned negative for the first time during 2008-09 due in the decade (2001 to 2010).

TABLE 3: BALANCE OF PAYMENTS - INDICATORS

(%)	Trade		Invisibles			Current Account			Capital Account		Import Cover of Reserves (in months)				
YEAR	Exports/ GDP	Imports/ GDP	Net/ GDP	Payments/ GDP	Receipts/ GDP	CAD/ GDP	Current Receipts/ Current Payments	Current Receipts/ GDP	Foreign Investment/ Exports	Foreign Investment/ GDP		trade deficit as % of exports	AAGR of net invisibles	AAGR ofM exports	AAGR ofM imports
												-14.5	-5.1	-21.9	-28.6
1991-92	6.9	7.9	0.7	2.9	3.6	-0.3	94.3	10.3	0.7	0.1	5.3	-31.5	-103.1	-29.9	-16.5
1992-93	7.3	9.6	0.6	3.0	3.6	-1.7	87.7	10.7	3.0	0.2	4.9	-17.9	-96.2	-18.5	-25.6
1993-94	8.2	9.7	1.0	3.1	4.1	-0.4	95.6	12.2	18.7	1.5	8.6	-33.7	-3.2	-28.6	-30.0
1994-95	8.3	11.1	1.8	3.1	4.8	-1.0	91.7	13.0	18.3	1.5	8.4	-35.1	-97.0	-11.7	-15.7
1995-96	9.1	12.3	1.5	3.4	5.0	-1.6	88.8	14.0	14.9	1.4	6.0	-43.4	-1.8	-9.5	-9.6
1996-97	8.8	12.6	2.6	2.9	5.5	-1.2	91.6	14.2	18.0	1.6	6.5	-43.6	-4.8	-8.8	-4.7
1997-98	8.7	12.5	2.4	3.2	5.6	-1.4	90.9	14.2	15.1	1.3	6.9	-38.4	-47.4	-12.7	-20.1
1998-99	8.2	11.4	2.2	4.0	6.2	-1.0	93.2	14.4	7.0	0.6	8.2	-47.5	20.8	-27.7	-9.3
1999-00	8.3	12.3	2.9	3.8	6.7	-1.0	93.0	15.0	13.8	1.2	8.2	-27.3	-58.1	-2.6	-1.4
2000-01	9.9	12.6	2.1	4.9	7.0	-0.6	96.4	16.9	14.9	1.5	8.8	-25.8	-15.4	-21.9	-13.9
2001-02	9.4	11.8	3.1	4.6	7.7	0.7	103.8	16.9	18.2	1.7	11.5	-19.9	-54.7	-16.9	-17.8
2002-03	10.6	12.7	3.4	4.9	8.3	1.2	106.6	18.8	11.2	1.2	14.2	-20.9	-9.6	-25.6	-31.2
2003-04	11.0	13.3	4.6	4.3	8.9	2.3	112.8	19.9	23.7	2.6	16.9	-39.8	-33.2	-22.0	-30.3
2004-05	12.1	16.9	4.4	5.5	9.9	-0.4	98.0	21.9	18.0	2.2	14.3	-49.3	-26.7	-25.1	-19.4
2005-06	13.0	19.4	5.2	5.9	11.1	-1.2	94.8	24.0	20.3	2.6	11.6	-48.0	-29.1	-14.6	-20.0
2006-07	13.6	20.1	5.5	6.6	12.1	-1.0	96.0	25.6	23.1	3.1	12.5	-55.0	-38.0	-28.4	-26.3
2007-08	13.4	20.8	6.1	5.9	12.0	-1.3	95.0	25.4	37.3	5.0	14.4	-63.8	9.4	-0.6	-1.3
2008-09	15.4	25.2	7.5	6.2	13.7	-2.3	92.6	29.1	14.8	2.3	9.8	-64.9			
2009-10	13.4	22.0	5.9	6.1	12.0	-2.8	89.9	25.3	35.9	4.8	11.1				

Going beyond trade reforms, India moved to full convertibility on current account in August 1994 by liberalizing various transactions relating to merchandise trade and invisibles. The compound average growth rate of overall trade balance was 40.29 per cent in between 1991-2000 and it further reduced to 23.73 per cent in between 2001- 2010. One of the main components of BOP is the current account. India's current account deficit – the excess of imports of goods and services over exports, factor incomes and transfers from overseas The current account deficit to total GDP was 0.3 per cent in 1991-92, it almost remained about 1.0 per cent of GDP during the period between 1992-2000. It recorded a surplus in 2001-02 after a period of 23 years, which sustained up to 2004. The main reason behind is increasing the share of invisibles which are growing over the years. The AAGR of the invisibles rose from 5 per cent in 1991, to above 90 per cent over the years. With the narrowing of the current account deficit in the recent years, there is a need for revisiting the issue of sustainability of current account in the Indian context. The ratio of short term debt to total debt has increased rapidly and consistently since 2006, which can be seen in the below table. With the increased integration with the rest of the world, international factors further worsening vulnerable balance of payments position resulting from more long-term structural factors. (eg: global recession, 2oo7). The share of exports as well as imports rose over the years, but the imports share was higher than its imports, which are 6.9 % and 7.9 % in 1991, raised further in 2010 to 13.4 % and 22% respectively. India's capital accounts are at good stage with increasing foreign investment inflow into the country over the years. The foreign investment to GDP was raised from 1 percent to 4.5 per cent in 2010. With the constant rise in the AAGR of the imports rather than imports the overall trade deficit as percent of export raised from -14.5 per cent in 1991 to -64.9 percent in 2008-09, with larger negative trend. Though imports have been more responsible for the higher CAD, while in the meantime exports have not been booming The problem therefore lies with imports mainly the two sets of commodities—gold and petroleum and petroleum products accounted for more than half of the merchandise trade deficit. This made India the country with the second highest external deficit in the world, after the United States. A sharp reduction in gold imports is what the government needs to aim for to reduce rising deficit.

With the increased integration with the rest of the world, international factors further worsening vulnerable balance of payments position. The liberalized current account as well as capital account convertibility the ratio of external debt raised with increased freedom for the private corporate to borrow money from external sources. The share of short term debt to total debt has increased rapidly and consistently over the years. It further rose since 2006, which is one of the prime reasons for widening and worsening BOP situation. The bellow table reveals the rising external debt burden to the Indian economy. In absolute terms, External debt rose from 163100 crore Rest in 1991 to 13, 66,117 crore Rs in 2011. The AAGR depicts the declining trend, which again reached double digit in 2007 onwards due to economic recession. The concessional component of the external debt as percent of total debt had declined from 45.9 percent in 1990 to 15.6 percent in 2011-12. Over the same period the short term debt as well as debt stock- GDP ratio also showing declining trend. But the share of short term debt increased to double digit since from 2005 till 2011. The debt service ratio has a downward trend and also the interest on foreign debt as percent of value of exports falling from 6.3 percent in 1991 to 1.1 percent in 2003, and further to 0.3 percent in 2010. So the overall ratio of external debt reduced compared to internal debt, in which market borrowing share rising consistently from 23 percent in 1991 to 80 percent in 2011, nearly fivefold rise in two decades. The budgetary deficit also turned negative since 1998 except few years (2001, 2005, 2006, and 2008). India's private sector external borrowing also raised the burden beyond Government debt service. It is important to know that the external borrowing by India's private sector has increased as a share of GDP in recent years, and also the share of long-term private non-guaranteed debt and the short term external debt in total external debt has increased. The selected indicators reveal that the external debt position significantly changed over the years with the fall in the debt service ratio and consistent rise in the volume of export as a percent of interest share. The rising debt burden is contributing to the unsustainable internal as well as external deficits followed by domestic fiscal deficit and raised trade deficit, which in turn have adverse impact on Investment and growth with reduced confidence among domestic as well as foreign investors. To achieve debt sustainability, either revenues has to be raised or cut in public spending should be the remedy.

The share of total external debt to GDP progressively reduced from 39 percent in 1991-92 to 18.2 per cent in 2009-10. The share of short term debt to Gdp also declined progressively with reaching the level even below 10 per cent in between 2000 to 2004, which is the era of surplus BOP in the trade history of India, but after that it again moving upward direction with 19 per cent rise in 2009-10. In the mean time the share of short term debt as percent of total debt and debt stock to GDP ratio rising in opposite direction, which were 10.2 and 28.7 per cent respectively in 1991-92 and they further raised and reached 20.4 per cent and 20.5

per cent respectively in 2009 -2010. But the positive development in is that the AAGR of the external debt reduced drastically in the first half of 2000s except the rise in 2007 onwards due to several internal as well as external imbalances. The net inflow of Aid also benefited India to balance with its deficits. The major worry sum issue is the rising interest burden which was 42 per cent in 1991, but further rose to 54 percent in 2001 and almost remained in the same level with 40 per cent in 2009-10. So the overall picture is a mixture of positive as well as negative points and signs.

TABLE 4

India's Key External Debt Indicators				Debt Service Payments						Key External Debt As Well As Internal Debt Indicators						
YEAR	Total External Debt to GDP	Short-term Debt* to Foreign Currency Assets	Foreign Exchange Reserves to Total Debt	Net Inflow of Aid	TOTAL	Interest	AAGR of total debt payment	Value of Exports(crore)	Interest on foreign debt as % of Value fo Exports	Market borrowing	Bedgetary Deficit	Gross Total Debt	AAGR of External debt	Concessional Debt as % of Total Debt	Short Term Debt As % of Total Debt	Debt Stock - GDP Ratio
1991-92	39.0	77.0	11.0	142	165	42	-31	44041	6.3	23	15	163001		45.9	10.2	28.7
1992-93	38.0	65.0	11.0	110	159	49	-9	53688	6.7	14	24	252910	-55	44.8	8.3	38.7
1993-94	34.0	19.0	21.0	66	132	46	-9	69751	5.4	46	18	280746	-11	44.5	7.0	37.5
1994-95	31.0	17.0	25.0	59	134	45	-21	82674	4.9	36	-3	290418	-3	44.4	3.9	33.8
1995-96	27.0	23.0	23.0	68	120	37	6	106353	4.2	50	33	311685	-7	45.3	4.3	30.8
1996-97	25.0	25.5	28.0	43	128	33	-3	118817	3.6	31	15	320728	-3	44.7	5.4	27.0
1997-98	24.0	17.0	31.0	-145	318	38	-14	130100	3.2	36	54	335827	-5	42.2	7.2	24.6
1998-99	23.6	13.0	34.0	-186	344	54	-8	139752	3.1	51	-1	369682	-10	39.5	5.4	24.3
1999-00	22.0	10.0	39.0	16	160	53	-13	159561	2.8	45	-89	411297	-11	38.5	4.4	23.6
2000-01	23.0	9.0	42.0	-28.37	170	54.2	7	203571	2.2	44	-1	428550	-4	38.9	4.0	22.0
2001-02	21.0	5.0	55.0	-7.6	152	55	-115	209018	2.1	46	28	472625	-10	35.4	3.6	22.5
2002-03	20.0	6.0	73.0	-8.3	141	52	7	255137	1.8	54	1	482328	-2	35.9	2.8	21.1
2003-04	18.0	4.0	100.0	-6.01	123	48	60	293367	1.1	58	-5	498804	-3	36.8	4.5	20.3
2004-05	18.1	12.5	106.0	0.39	119	48.7	6	375340	0.7	27	-33	495459	1	35.8	3.9	18.0
2005-06	17.0	12.9	109.0	-16.25	126	51	-12	456418	0.7	46	12	586305	-18	30.7	13.2	18.1
2006-07	17.0	14.0	116.0	4.55	104	46	2	571779	0.7	58	37	620522	-6	28.4	14.0	16.8
2007-08	18.0	15.0	138.0	22.3	96	42	-21	655864	0.6	90	-6	751402	-21	23.0	16.3	17.5
2008-09	20.0	17.0	112.0	22.3	87	40	-4	840755	0.5	74	32	897290	-19	19.7	20.4	18.0
2009-10	18.2	19.0	107.0	49.5	67	30		845534	0.4	83	-8	1142125	-27	18.7	19.3	20.5

Source: Indian public finance statistics 2004-2010

Terms of trade plays an important role in benefiting the concerned country. Country can get gain from trade when its TOT is favorable compared to other countries. India's net terms of trade, which measure the relative change in export and import prices have been fluctuating during the 1990s. Import purchasing power of exports as measured by the income terms of trade have consistently improved during the 1990s on account of strong export, growth in volume terms. The growth rate of Terms of trade in CARG terms turned negative such as -1.8613 in between 2001-2010 compared to 2.175574 percent growth in between 1990-2000. It shows that the overall trade growth was unfavorable to India. The AAGR of the gross TOT which was 15.7 per cent in 1991, showing very much volatility with positive as well as negative trends reached 22 percent in 2009-10. The overall avability of Foreign exchange reserves (Rupees Billion**)** are substantially riser in the present years compared to 1991s deficit reserves, this is one of the major achievement in India's trade scenario.

TABLE 5

YEAR	Terms of trade(gross)	Foreign Exchange Reserves to Total Debt	Foreign Investment(crore)	Foreign exchange reserves(Rupees Billion**)**	AAGR in oreign Investment	AAGR of Foreign exchange reserve
1991-92	-15.7	11.0	326	9220	-425.5	-6.6
1992-93	-1.0	11.0	1713	9832	-660.4	-95.8
1993-94	-9.2	21.0	13026	19254	-23.9	-30.8
1994-95	3.9	25.0	16133	25186	-1.4	13.9
1995-96	7.2	23.0	16364	21687	-33.1	-21.8
1996-97	-17.1	28.0	21773	26423	8.1	-11.1
1997-98	-10.9	31.0	20014	29367	49.5	-10.6
1998-99	5.3	34.0	10101	32490	-122.3	-17.1
1999-00	20.1	39.0	22450	38036	-38.2	-11.2
2000-01	-1.1	42.0	31015	42281	-25.3	-28.0
2001-02	10.2	55.0	38874	54106	25.1	-40.6
2002-03	-14.2	73.0	29105	76100	-147.9	-48.4
2003-04	2.4	100.0	72139	112959	4.3	-25.3
2004-05	-32.6	106.0	69042	141514	-37.6	-7.1
2005-06	-7.2	109.0	94981	151622	-42.2	-31.4
2006-07	-20.6	116.0	135080	199179	-85.0	-55.5
2007-08	53.8	138.0	249953	309723	48.5	18.6
2008-09	-11.2	112.0	128650	251985	-158.4	-10.7
2009-10	22.0	107.0	332490	279057		

TRADE DIRECTION

Destination-wise analysis of the Indian exports and import indicates an unchanged position in respect of the Organization for Economic Cooperation and Development (OECD) group being the largest market, increasing prominence of the Organization of Petroleum Exporting Countries(OPEC) and the developing countries (Asia, Africa and Latin America), and a steep fall in the relative position of the Eastern Europe countries. India has also been successful in diversifying its export market increasingly to the developing countries along with the OECD emerging as the largest market for India's exports. A notable feature is that despite the loss of the East European market after the collapse of the Soviet Union, India made a safe transition to other markets like developing countries of Asia and to the OPEC.

TABLE 6

	1990-91		2001-02		2008-09	
COUNTRIES	EXPORT	IMPORT	EXPORT	IMPORT	EXPORT	IMPORT
OECD	56.5	57.2	52.7	39.9	37.4	31.8
EU	27.5	29.4	23.4	20.8	21.3	14.3
OPEC	5.6	16.3	10.9	5.3	21.2	32.6
UAE	2.4	4.4	5.8	1.3	13.1	7.1
ASIA	14.4	14	22.5	16.7	28.1	26.6
SAAC	2.9	0.5	4.3	0.9	4.6	0.6
AFRICA	2.2	2.4	4.4	3.9	6.3	4.3
LATEN AMERICA	0.5	2.3	2.3	1.4	3.1	2
USA	14.7	12.1	20.9	6	11.4	6.2
UK	6.5	6.7	5.2	6.3	3.6	2
CHINA	0.1	0.1	1.9	3	5.1	10.8
SAUDI	1.3	6.7	1.8	1.2	2.7	6.7
HONG KONG	3.3	0.7	5.9	1.7	3.6	2.2
GERMANY	7.8	8	4.3	3.5	3.5	4
DEVELOPING COUNTRIES	17.1	18.7	29.3	22.1	37.6	32.9
IRAN	0.4	2.4	0.5	0.4	1.4	4.2
INDONESIA	0.6	0.3	0.9	1.8	1.4	2.3
KOREA SOUTH	1	1.5	1	1.8	2.2	2.9

Source: economic and political weekly data base

An important factor in the direction of India's trade is that the USA which was in first position in 1990s and even in 2001 to 07 has been moved to the third position in 2008 onwards. In the mean time UAE become India's largest trading partner, followed by China from 2008 onwards. This position continued from 2008 onwards with share in the total trade of 20.2 per cent, where as china is in the second place with share in total trade 15.9 percent. The major changes in bilateral trade direction are the entry of Indonesia, Korea, Iran, and Nigeria into the new list in the place of Italy, Malaysia, France, and Australia. Today India is having less number of advanced countries among the top 15 trading partners compared to 1991 to 2000, previous decade. The top 15 countries themselves have changed over the years. The major changes are the entry of Indonesia, Korea, Iran, and Nigeria in the new list in place of Italy, Malaysia, France, and Australia.

BILATERAL TRADE AGREEMENTS

India has important and strong economic relations with many countries in the world. Traditionally India has maintained trade relations with various countries. After the economic reforms of the early nineties, the Indian economy was opened up to further bilateral trade relations with various countries and to FDI with increased trade liberalization, import restrictions on many items were lifted which led to further expansion of India's economic relations with other nations.

The bilateral relationships between India and USA as well as India and Japan are considered due to increased strategic partnership between the countries. Now a day's India is looking for more strategic relationships rather than economic tie-ups'. From the past couple of years, with rising dominance of so called Asian Dragon India, USA, and Japan moving towards Geopolitics-strategic Agreements. The relations between India and Japan have progressed with rising Indo-US engagement. The first trilateral security meeting recently held between the three countries to discuss security issues in East Asia. The strategic formulations between United States, India, and Japan are having linking thread. The key points of bilateral frame work as follows

INDIA-UNITED STATES OF AMERICA: India's economic relations with the USA have been growing since from 60 years but mainly after the economic reforms substantial progress has been achieved. India would benefit by US' re-balancing strategy in the Asia-Pacific. Indo-US economic dialogue of 2003 was a major step in strengthening economic relations between India and USA (W.T.O). India ranks 24th among the trade partners of the USA in terms of exports and 18th in terms of imports. American is a huge market for Indian commodities, with Close trade and investment relations between India and US increasing demand for India's goods and services.

Nuclear Deal: (123 deal, 2005) Indo-US nuclear deal (2005-06): Indo-US bilateral cooperation in civilian use of nuclear energy was a major step in their bilateral relation. Through this USA extended full civil nuclear cooperation to India. With this agreement India is planning to set a target to lift its electricity generation capacity through nuclear means from 3000 MW at present to 63000 MW in the next 25 years, which require highly enriched uranium and modern technology. It was the first commercial agreement on civilian nuclear power cooperating.

The Indo-US defense cooperation: It covers diverse aspects such as joint military exercises (2006), sale of equipments, reciprocal visits by senior official, as well as doctrinal exchanges, naval exercise. Recently USA proposed for Joint collaboration to develop net generation version of the Javelin anti-tank missile, MH-60 Romeo multi-role helicopter, M-45 125 mm rapid firm naval gun, Javelin missile (Co-producing),anti-tank missile etc.

Energy cooperation: Opening up the prospects of export of shale gas to energy starved India, the US glinted conditional authorization to export domestically produced liquefied natural gas (LNG) to India.

The India-US higher education dialogue: The dialogue has been very instrumental in strengthening educational collaborations between the two countries. In the name of "Defining partnership of the century" they have outlined that knowledge sharing is an important component of it. The major initiatives include enhanced two-way student mobility, research collaborations, faculty development, and collaborations for cyber systems, technology enabled learning including massive open on-line courses (MOOCs). Through "Connect India" programmed both the countries aimed at inviting students from US institutions for short term courses in India. India has a vision to transform the country's educational institutions into hubs of knowledge creation and promoters of innovation as also provide opportunities to its youth for their skill development and employment. India-US higher education dialogue-2013 connects India. This dialogue focus on three areas namely, 1) workforce development, 2) research in sustainable development and energy and public health and 3) developing open education resources.

The Indo US cooperation in the field of technology, medical technology space, climate change are the major factors through which economic relations strengthened despite the major disputes with respect to patent issue on Basmati rice, internal as well as external subsidy and HIB and LI visas issue, BPO issue including long back imposed economic sanctions against India for its nuclear test in 1990s (1998).

INDIA AND JAPAN: The INDO-JAPAN strategic partnership taken a concrete shape in the mid 1990s when India launched its multi focused look east policy.

Cooperation in defense matters: Security is gradually becoming an important area of cooperation between the countries due to increased Chinese activities in the region. Both the countries went under naval exercises in 2007.

Energy security: The nuclear energy agreement also. They started formal negotiations for civil nuclear cooperation agreement in 2010. Regional energy efficiency and conservation centers establishment as well as "India-Japan energy forum" also under consideration.

Infrastructure development: The special "economic partnership initiative" launched in 2006 to given boost to bilateral economic and commercial ties. Japanese official development assistance (ODA) in poverty reduction, economic and social infrastructure development and human development was appreciated. A flagship project of India-Japan cooperation in the western corridor of the dedicated fright corridor (DFC) project, which also links Delhi-Mumbai Industrial corridor (DMIC) has potential of taking bilateral relations to a new stage.

Comprehensive economic partnership agreement – The agreement in which large number of Japanese MNCs infesting mainly automobile and infrastructure sectors. At the same time many Japanese small and medium enterprises showed interest to invest in India.

Disaster management: The space agency's of two countries, namely ISRO and JAXA cooperating with each other with respect to disaster management. Promoting capacity building in disaster prevention, sharing of knowledge and experience in disaster management.
India –Japan have also signed cooperation agreements for better cooperation in the field of pure science and biotechnology, ICT, broadband, traffic management, tele-medicine, high speed railway system on ppp basis are all other areas in which countries agreed to work together.
WTO AND INDIA: WTO was established to supervise and liberalize international trade. It was the Uruguay round's significant creation. Its structure was more legalized to make it more effective than GATT. The growing difference between developed and developing countries is the main obstacle for its proper functioning. Although WTO wasn't given extensive rule and decision making authority as desired. It is still in the hands of major economies. Being an initial member country of WTO, India is following its trade policies. There are several unsettled issues in WTO. The major incident was Doha development agenda, which was planned to enhance poor countries participation in international trade, but it ended with raised disagreement with respect to agricultural sector, in which India for the first time raised its voice against rich countries dominance. Still India is having several unsettled issues with wto.The present major issues are Novartis patent case, IT (visa fee issue) and environmental goods agreement issues. The major successful issues are patent disputes with respect to Basmati Rice and turmeric patent with EU and USA, in which India succeeded by using WTO's dispute settlement mechanism. The major augmenting areas are NAMA (non-agricultural market access), TRIPS (Trade Related intellectual property Regimes, TRIMS (Trade Related Investment Measures) and Agriculture and textile. In the field of agriculture, agricultural products exports India is still facing non tariff barriers like qualitative regulations (Sanitary and phyto sanitary regulations, E.g. Mangoes banned by EU, US on quality grounds.) from several developed countries. WTO restricted India in providing 'Domestic subsidies', which is even less than 5 percent of GDP, compared to developed countries which are continuing to give subsidies in the name of Blue box, Green box, Amber box,(used for infrastructural development, provide alternative employment etc.).
The Doha round of negotiation in 2001 can be described as 'Development Round' because it was planned to enhance poor countries participation in international trade, in which for the first time developing countries, including India raised its voice against developed countries favored trade agreements. But unfortunately it was ended with implementation failure, due to the lack of time bound in removing trade barriers by the developed countries. In spite of that failure, it arrived at conclusion in the area of services anti-dumping, agriculture, IPS etc. on the whole, despite the strengthening of the multinational agreements under WTO, several demerits and loopholes still not permitting WTO to succeed in its goal, which mainly aimed at increase trade among LDCs, as a mean to growth (Rapid growth).
The economic reform process introduced in the beginning of the 1990s with the focus on liberalisation has enabled increased integration of the Indian economy with the rest of the world. The structural adjustment and economic policy reforms since 1991 are supposed to have resulted in a major shift in the development strategy of the country from that of inward-looking import substitution to globalization with export promotion. The opening of the economy to international trade has successfully raised the share of trade in the GDP.

CONCLUSION
Development is the main aim of every economy. Economic development increasingly depends on trade. The growing importance of the developing countries in international trade reveals that a country with immense natural and human resources can surely benefit through their strategic move in the international changed world. The economic reform process introduced in the beginning of the 1990s with the focus on liberalisation has enabled increased integration of the Indian economy with the rest of the world.

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