A CRITICAL STUDY OF EXPORT PROMOTION MEASURES IN INDIA SINCE INDEPENDENCE

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Prior to independence, India’s economy was totally under developed. Indian economy was totally exploited by Britisher’s. When the British rulers left the trauma of Partition and allied problems led Indian economy into shambles. But the independence brought in its wake a new determination to achieve economic self-sufficiency by fostering the pace of economic development. Development was possible by massive expansion of industrial base, which in turn necessitated huge imports of machinery, chemicals and technology from abroad. Export industry boost local economy as well as increase the revenue and income of the country. Export has been regarded as one of the most important vehicles of economic development. Seeing the importance of export promotion almost all the countries of world developed as well as developing, use numerous measures to promote their exports. The government has taken a large number of policy measures directed specifically towards export promotion. Improvements have been made in them from time to time in accordance with the changing domestic and international environments. Thus we can say that Export promotion has become paramount importance for increasing exports and thus increasing strong industrial base.

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1. INTRODUCTION

Export an important axis of International trade, plays a vital role in economic development with growing trend of globalisation coupled with liberalisation of the domestic economy. Export trade plays an important role in Indian economy. In the new economic order any nations wellbeing and development depends to the large extent on its export performance. Export has gained much importance in the modern world of economic liberalisation. The number of advantages flow from export therefore it has become the vital indicator of nation’s social, political and economic growth. Exports are also essential for keeping Balance of payment i.e. import debits. “Trade is as old as human society itself as no man and more so, no society, could ever be self-sufficient. In the ancient period, trade was in the form of barter, but also afterwards, not only it depended upon accumulations of material resources but also on foreign trade.” “Economic development was a multidimensional process involving the reorganisation and reorientation of entire economic and social system. Though it was a complex process, influenced by both economic and non-economic factors, yet different economic factors like capital stock, labour skill, technology, capital-output ratio agricultural surpluses and foreign trade etc. largely determine the pace and pattern of development process of countries, foreign trade of goods, services and assets has termed as a dynamic factor for economic development and one of the most powerful linkages among the various economies of world.”

Thus we can say, that exports increase in the economic activity which results in more income and higher standard of living. Prior to independence export was given importance but due to colonial shackles it suffered a lot. Thus after freeing itself from Britishers export was again given great importance. Among the national economic policies export was given higher priority. In the quest for increasing exports India have been developing export promotion strategies of various description and competitively too. The concept of export promotion is as old as trade itself but over the year export promotion programmes have been more comprehensive, sophisticated and innovated. During the last two decades with the help of export promotion strategies export have expanded. India had "no time to lose" so it become imperative that active development of export promotion strategy had to be taken up. Therefore, government of India has formulated various policies and organised various institutions to promote export. With this many private institutions are also coming up to promote export. "Export promotion has become a world-wide phenomenon. Most of the countries of the world encourage exports because of the crucial importance of exports to the economy. The reason for encouraging exports are many: - correction of adverse balance of
payments and trade deficit, making foreign exchange available for imports, and servicing of foreign debt. Demand for goods and services in the domestic market may be small hence foreign market provides economies of scale, exports help overcome domestic recession and encourage export-led growth of the economy etc. Export promotion is the task of persuading firms to export and the provision of services to support export marketing. In India, the steps taken by the government of India towards globalisation of the economy also throw light on the importance of export promotion. Export give a solid base to the country's economy and it also helps to face any challenges without much dislocation in the country. Thus nations are giving prime importance to export promotion programme.

2. RESEARCH ANALYSIS: INDIA’S EXPORT PROMOTION, OBJECTIVE OF THE STUDY AND SCOPE OF THE STUDY

2.1 India’s Export Promotion

Glorious past: India had a rich past in the area of international trade i.e. export due to its amazing geographical location. India has been the centre of commercial activities since ancient times Its origin could be traced even earlier than 2000 B. C. Evidence of archaeological excavations carried out in the first quarter of this century of Mohan-Ju-Deora and Harappa confirm this fact. India always enjoyed trade superiority over the whole world including Europe till 1945 A. D. India lies on the route between the west and east and this unique geographical setting has great role in the growth of world. Thus International trade played a vital role in making India the universal exporting centre of the world in ancient times. The trade surplus used to be settled by the inflow of gold in to India. Understanding the importance of trade i.e. export Indian kings, and later on Mughals sheltered exports and promoted export in different ways. The exporters were given lot of gifts and designations by their kings for doing good exports. Exporters were supplied by lot of gold and wealth by their kings for doing exports. Thus exports flourished in ancient times. Exports were received a set back under the colonial rule when her position was reduced to bring a captive market for the British manufactures and a cheap as well as an assured source of supply of raw materials to manufacturing industries of Britain. The colonial rulers as an instrument for exploiting the Indian economy used the foreign trade policy.

Present: After Independence economic development and industrialisation was of paramount importance to the country. This needed lots of foreign exchange resources for the acquisition of capital equipment, machinery, essential raw materials and technical know-how through imports the available foreign exchange was not adequate for the economic development as a result foreign exchange resources were made available by foreign aids or loan. But the heavy reliance on the aid resulted payment of long-term interest thus the planners of the country decided to lay emphasis on self-reliance and to earn foreign exchange through increased export. To increase export, it became important to promote exports. Thus many export promotion measures came into being. India's export experienced an upward trend during the years immediately following independence.

3. OBJECTIVES OF STUDY

The objectives of the proposed study are laid down as follows: -

1. To analyse the measures since independence in promoting export by government and other institutions.
2. To critically evaluate India's export promotion and hindrances coming in the path of export.
3. To make recommendations regarding the ways by which the present infrastructure for export promotion could be further strengthened and to build that type of infrastructure which could encourage export promotion.
4. To evaluate the measures adopted by the private institutions for export promotion and to compare these measures with efforts done by government.

4. SCOPE OF THE STUDY

Though this study relates to export and foreign trade but attention has been focused chiefly on the export promotion strategies, policies, schemes, incentives, measures etc. The study has been concentrated on development in the field of export promotion since independence. In present study the term "promotion" means all government institutions, organisations and policies and efforts done by the private institution for promotion effort.

5. HYPOTHESIS AND METHODOLOGY

In order to achieve objectives, the following hypothesis is deemed to be major Aspects to be tested through this analytical study. Efforts under taken by government are more effective in comparison to private institution. Indian economy has insufficient infrastructure in the field of export promotion. The government policies regarding export promotion have been successful.

6. METHODOLOGY

This research work is primary based on secondary data’s related to various agencies of government, Ministry of Commerce and other various publications and studies of concerned institution in India. To gather information on various aspect of the study various types of literature, books, journals and periodicals has been concerned. Reliance was placed on published material available and elsewhere in India - Ministry of commerce publications, economic and Trade data 1999-
2000 (ITPO) Chamber of commerce, Jodhpur, Handicraft export Association, Jodhpur. Detailed discussions were also held with academics of Indian Institute of foreign trade, personnel of ITPO, Dignitaries of Handicraft export Association, Jodhpur, Chamber of commerce and Jai Narayan Vyas University, Jodhpur. Interpretation of the Datas and conclusions are entirely the researchers.

7. FINDINGS AND SUGGESTIONS

Indian foreign trade can be traced as fact as the Rig Vedic period (1200B.C). Rulers of India trade with country like China, Java, Sumatra, Red Sea, Babylon, Assyria, Elam, Judala, Egypt, Arabia, Persia, Burma, Ceylon, Japan, Greece etc. They promoted export in different ways by giving protection to artisans and awarding good exporter. India developed her own technology of smelting and welding of iron. In Mughal period export flourished very much but due to many wars it was interrupted. With the colonial shackles Indian exports was totally destroyed, it was done according to the British's rules and regulations. Export has late played a significant role in Indian economy. After India's independence indian economy was totally disturbed. To uplift the Indian economy five years plan was introduced. Just after independence other important sectors were given importance, it was only in third five-year plan export promotion was given importance. Export was considered as an engine of progress and prosperity of country. Recognising the potential of sector and the promises it offers in further accelerating the pace of industrial and economic development, export have attained a place of importance in Indian economy. In mid seventy exports have gained important position in national priorities.

For increasing exports many export promotion measures are being taken. The well-deserved recognition of export sector is not a casual phenomenon. It is due to the deliberate and purposive promotive "From the very beginning, our government has been keen to provide direction and new dynamism to the countries export trade. This keenness manifests itself in the setting up of the committees of export from time to time, to expedite decisions on import policy matters relating to exports as well as numerous working groups, panel and task forces relating to important export sectors. The objective had been to review the structure of the import and export policies, activities, the role of policy instruments of export promotion review and performance of India's foreign trade and promotion measures": "For the first time Indian government established an export promotion committee in July 1949. The committee brought to the light certain fundamental concept of export promotion. But it was criticised on certain grounds. Another similar committee was set up by the government in October 1949, which submitted thought provoking recommendation for the establishment of state own trade proportion. Another committee of export promotion was set up in February, 1957 by the ministry of commerce and consumer industries. The committee submitted its reports on 31 August 1957. The committee examined for the first time, the question of export promotion and recommendation regarding relief of export duty on tea, decrease in internal consumption of product, conduct of bilateral and multilateral trade agreements, relief in income tax to given to exporters. The committee also suggested the establishment of an "Export Risk Insurance Corporation", and setting of a "Market Development Fund". Most of the recommendation given by the committee were accepted by the government and detailed plan was chalked out for export promotion." Realising that export should be stepped up India switched over to a strategy of Export or Perish during the period of it fourth five-year plans 1969-74. In 1970 parliament passed the export policy resolution. The Exim policy gives guideline regarding the policy for export promotion for future period. The government issues the policy from time to time. The policy was issued on yearly basis. There have been drastic changes in the policy of government during the last two years. The government of India offers various incentives, concessions and facilities for export promotion. Many organisations have been set up by the government to boost the exports. Government also provides information, assistance and guidance to exporters. Organisation of export promotion can be divided into two part one that directly do not take part in exports, but indirectly help the promotion of exports example Export Houses. Second are those organisations which our engage in export promotion directly they include Board of trade, Chamber of Commerce, Export Promotion Councils, Commodity Boards, Trade Fair Authority of India etc. Each organisation with its own objectives and functions look after the export of items coming under purview.

7.1 Suggestions

1. After independence particularly in third 5 year plan export and export promotion was given importance since then many promotive measures for boosting exports are being adopted.
2. after understanding export role in making a country self sufficient export was given priority in policies of country. Government is adopting all possible efforts to boost exports. Government has developed many institutions and government to increase the exports of our country is protecting organisations and many other private organisations.
3. Since independence for increasing export many government and non government institutions are opened with this certain board committee are organised to increase exports. every year exim policies are made according to necessary changes so that it may boost the export promotion programmes.
4. Exports are increasing but with that imports are also increasing which is much higher than the India's general growth rate for export and import in the 5 years. export and import have recorded the incresae of 258.30% and 292.00% respectively.
5. Compared to export promotion in other developing countries are around the word especially Asia, India seems to have the tried almost all promotion is strategies but the export figures do not appear to be commensurate with extent of the incentives.
6. To increase export it is very important to discover new market in various countries for this market analysis must be done by market researchers.

7. For promoting export it is necessary to simplify rules regulations and policies related to export because complicated bureaucracy processes have affected new exporters negatively.

8. Government of India must encourage import substitution project so that dependency on import may decrease and with that Government of India must organize trade fairs from time to time so as to attract international buyers.

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