

Chapter 4

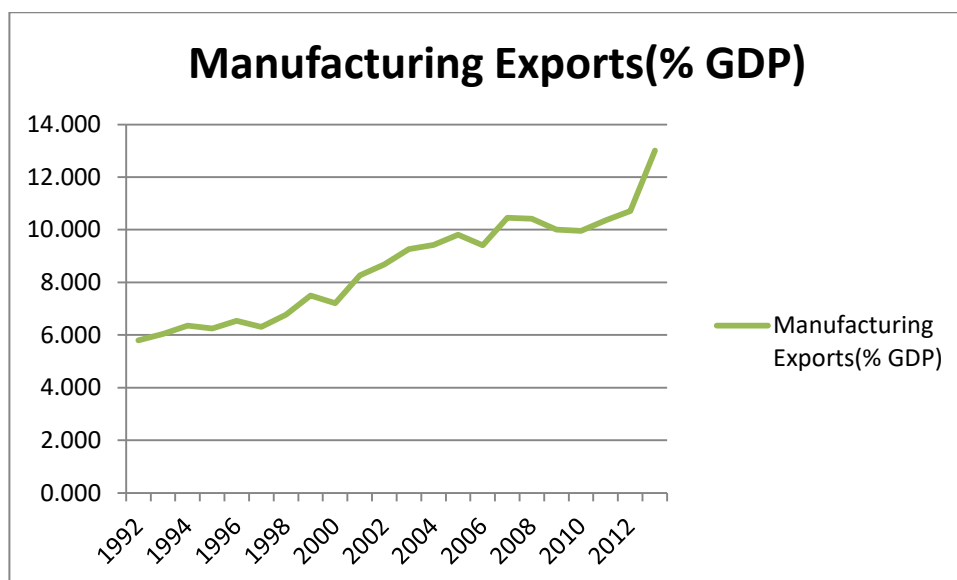
Performance of Manufacturing Exports and Trade Balance of India

4.1 Introduction

In this chapter the first objective will be covered which is measuring the performance of manufacturing exports and trade balance of India over the period of 1992 to 2014. The performance of both the variables can be easily understood with the trend of these variables on a graph. After getting trend of these variables it becomes very important to find out the reasons which could explain the trend. At first manufacturing exports trend will be captured and later on the trend of trade balance will be captured.

Table No .4.1: Manufacturing Exports (% GDP)			
Year	Manufacturing Exports(% GDP)	Year	Manufacturing Exports(% GDP)
1992	4.823	2003	8.683
1993	5.803	2004	9.263
1994	6.038	2005	9.422
1995	6.358	2006	9.813
1996	6.243	2007	9.409
1997	6.535	2008	10.455
1998	6.306	2009	10.417
1999	6.773	2010	10.004
2000	7.499	2011	9.963
2001	7.211	2012	10.355
2002	8.271	2013	10.714
		2014	13.014

Figure No .4.1: Manufacturing Exports (% GDP)



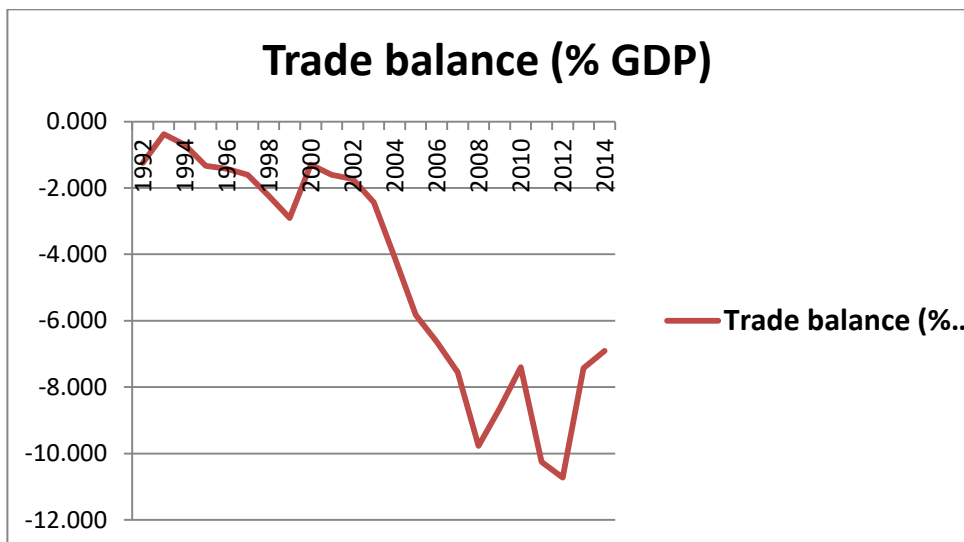
Source- Author's computation with MS-Excel 2007.

The present table and figure shows the contribution of manufacturing exports in GDP as percentage of GDP since 1992 to 2014. Where years are taken on the horizontal axis and manufacturing exports (%GDP) on vertical axis. Manufacturing exports are showing increasing trend over the years from 1992 to 2014 with little bit fluctuations in between. In 1992 manufacturing exports were 4.9% and it reached to 10.8% in 2013 which is showing the improved health of manufacturing exports over the years. At the end of study period (2014) it reached to its peak 13%. But in between their is bit fluctuations the reasons for this fluctuations are because the relative appreciation of rupee against dollar, slower economic growth of world trade and narrow base of manufacturing exports.

Year	Trade balance (% of GDP)	Year	Trade balance (% of GDP)
1992	-1.251	2003	-2.433

1993	-0.376	2004	-4.096
1994	-0.698	2005	-5.828
1995	-1.331	2006	-6.629
1996	-1.416	2007	-7.551
1997	-1.605	2008	-9.769
1998	-2.245	2009	-8.641
1999	-2.904	2010	-7.401
2000	-1.299	2011	-10.255
2001	-1.602	2012	-10.724
2002	-1.727	2013	-7.430
		2014	-6.912
Source- Reserve bank of India			

Figure No .4.2: Trade balance (% of GDP)



Source-Author's computation with MS- Excel 2007.

Above chart shows the trade balance percent of GDP since 1992 to 2014. On horizontal axis years are taken and on vertical axis trade balance (%GDP) is taken. India trade balance is in negative which means that India is importing more than its

exports. India trade balance's deficit has increased since 1992 with some improvement in between 2006 and 2008 and again after 2010. In 1992 trade balance of India was – 1.25% of GDP and this deficit increased to -9.8% again for two years it improved to -7.4% but in 2012 it came to its lowest – 10.72% but after this lowest point it again recovered and reached to -6.91.

4.2 Conclusion

In this chapter the trend of manufacturing exports and trade balance can be captured with the help of graph where both are taken in the form of % of GDP over the period of 1992 to 2014. In case of manufacturing exports, India has made progress with little bit fluctuations in between. In 1992 manufacturing exports were 4.9% and it reached to 10.8% in 2013 which is showing the improved health of manufacturing exports over the years. At the end of study period (2014) it reached to its peak 13%. But in between there is bit fluctuations and the reasons for this fluctuations are because was some relative appreciation of rupee against dollar, slower economic growth of world trade and narrow base of manufacturing exports case of India. And India's trade balance is in negative which means that India is importing more than its exports. India trade balance's deficit has increased since 1992 with some improvement in between 2006 and 2008 and again after 2010. In 1992 trade balance of India was – 1.25% of GDP and this deficit increased to -9.8% again for two years it improved to -7.4% but in 2012 it came to its lowest – 10.72% but after this lowest point it again recovered and reached to -6.91.