CHAPTER 5

GLOBALIZATION AND IT'S IMPACT ON INDIA IN REFORM PROCESS

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KEYWORDS:

Economic Reform, Liberal Policy, Commission, Outsourcing.

ABSTRACT:

'Globalization means a liberal policy under government rules and regulation. To control the barriers and hard licensing for international business. The world commission in this situation is stair.' The trade extension did not occur uniformly crossways all countries with the industrialized nations and the cluster of many new emerging nations accounting for the large contribution.

5.1. INTRODUCTION

After economic reform from, 1995 to 20121 India's merchandise export is much better than before of economic reform and its growth rate of 13.1% per annum (from$30.63billion to $317.4billion) but China growth rate is 16.2% and in this duration India's contribution is not as fast as we expected their contribution in world merchandise reached from 0.59% in 1995 to 1.6% in 2021.

India's performance in the tertiary sector export was comparatively much better. Service export increased from $10billion in 1995 to $156.2 billion in 20121. Many type of other contribution in exporting sector was due to software export as cause and effect of outsourcing by developed countries, especially the USA and European Union countries. In all over the world be compared annual average growth of commercial services 7.8%, Where India's contribution did not beneficial in the service sector export. Some contribution are given by data in table

TABLE 5.1: EXPORTS OF MERCHANDISE AND SERVICE OF SELECTED COUNTRIES OF THE WORLD

Year	**1995**	**2021**	**1995**	**2021**	**1995 to 2021**
India	30630	3,17,380	0.59	1.66	13.1
China	148,780	22,09,007	2.88	11.66	16.2
Brazil	46,506	2,25,101	0.90	1.18	8.7
Mexico	79,542	3,97,535	1.54	2.08	8.8
South Korea	125,058	5,72,665	2.42	3.0	7.1
World	5,172,060	190,63547	100.0	100.0	7.1

TABLE 5.2: EXPORT OF SERVICE

Year	**1995**	**2021**	**1995**	**2021**	**1995 to 2021**
India	10,060	1,56,209	0.82	3.05	15.5
China	24,635	2,15,107*	2.07	4.56	12.8
Brazil	13,161	40,168	1.08	0.78	5.9
Mexico	9,021	21,036	0.74	0.41	4.6
South Korea	25,394	1,06,855	2.08	2.09	7.9
World	1,220,158	51,16,319	100.0	100.0	7.8

TABLE 5.3: EXPORTS OF MERCHANDISE AND SERVICES

SOURCE: HANDBOOK OF STATISTICS AND THE INDIAN ECONOMY, 2014-15 AND 20-21

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Year	**1995**	**2021**	**1995**	**2021**	**1995 to 2021**
India	40,692	4,73,589	0.63	1.96	13.8
China	1,73,415	24,24,114	2.71	10.25*	15.8
Brazil	59,667	2,65,269	0.93	1.10	8.2
Mexico	88,563	4,18,571	1.38	1.73	8.5
South Korea	1,50,452	6,79,520	2.35	2.81	8.3
World	6,392,218	2,41,79,866	100.0	100.0	7.3

Commodities exports US $ Million % of World Exports Growth Rate. Compiled and computed from the data provided in World Bank, world developmental indication 2015, UNCTAD handbooks of statistics 2009-2013.(1)
In overall exports together primary secondary and tertiary sector, secondary and tertiary sector exports contribution is much better.

As a cause and effect, India's contribution in the world exports of merchandise and services improved from 0.63% in 1995 to 1.96% in 2014. As compare from other, China's share improved from 2.7% in 1995 to 10.25% in 2014, and that of Mexico from 1.4% to 1.73%.

The annual average export of merchandise and services from India increased by 13.8% during this period, but the performance of China, by 15.8% was little more than that of India. But if we look at only service export of China, India did better. There is no doubt that India has got cause and effect of globalization to get better result. The next section describes FDI (***Foreign Direct Investment)(2)***

5.2 FDI, EXPORT AND GDP GROWTH.

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FDI Foreign Direct Investment has a very important and positive impact on the DI in India FDI include is best dominant factor than the growth in real GDP. At least 1o, percent of the new pursuit.

Businesses from different countries including numerous who were not in a financial position to do as such only a couple of years back. The training has developed essentially over the most recent few decades, to the point that FDI has produced a considerable measure of opposition from social events, for instance, societies.

These associations have communicated worry that locating such a level in another nation wipes out employment. The enactment was presented in the mid-1970s that would have put a conclusion to the assessment motivators of FDI. We that as it may, individual from the Nixon organization, Congress and business intrigues mobilized to ensure that this assault on their development designs was not fruitful.

Understanding FDI changes the worldwide size of enterprises ready to make such speculation. A exactly placed FDI can give a enormous maybe acquainting items and administrations with a section where they have never been accessible.

The time needs to want India to understand it's strong as the best goal for FDI. According to a Forbes report India secure "l0%" put in front of China 90% . On the world venture prospects review certainty rate as the most encouraging nation for speculation and Business. India has survived the worldwide financial emergencies as well as got its growth rate which has been done to 9% in the late quarter. Here in this examination, the analysts endeavor to uncover the part of FDI in quickening the Export. FDI Investment Process are given blew.

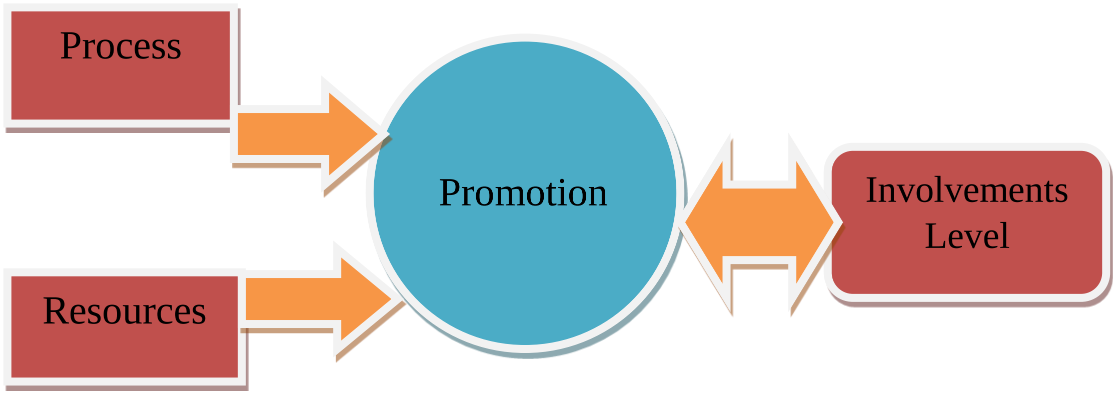

FIG.5.1 FDI INVESTMENT PROCESS

Sharma, Kishor (2000) by breaking down the information from 1970 to 1998 has a scene that the Export development in India has been substantially faster than GDP growth in the course of recent decades. A few elements seem to have added to this marvel including foreign direct speculation (FDI). On the other hand, expanding inflows of FDI especially of late there has not been any undertaking to assess its response to India's export execution one of the channels through which FDI impacts development.(3)

Alguacil, M.T, (20) 02in his investigation reason that the contribution of foreign firms had a higher export weakness than nearby firms. It additionally proposes a sort of FDI - drove export growth linkage and in this manner, the agreement of India in the world economy is being fostered by the export orientation of foreign firms.

Branstettter, L.G(2002)The focus of development efforts shifts from public to private, it is clear that one of the barriers will deeply the entrenched role of state-owned enterprises of the country to increase export through FDI.

The contribution of India's export has not been casually high object the bigger piece of the post-reform (1993-2005). Since 2002 there is no space for ignoring the rapid growth of India's stock export. The gap between the actual and probableis basically presented a structural change in India's exports.

The positive impact, however it has not been the major contributing matter to the increasing fastly the growth rate of stock export in India. It creates the impression that exports have been violently influenced by the valuation of the genuine powerful conversion standard amid the post reform.

As of, India has turned out to be one of the greatest refined item exporters in Asia with oil representing around 20 percent of aggregate exports. The nation likewise exports engineering goods (19 percent of the aggregate shipments), synthetic and pharmaceutical products (14 percent), pearls and adornments (14 percent), horticultural and partnered products (10 percent) and materials and dress (10 percent). India's principal export accomplices are United Arab Emirates (12.1 percent of the aggregate exports), the United States (12 percent), Singapore (4.5 percent), China (4.5 percent), Hong Kong (4 percent) and the Netherlands (3.65 percent).

Gross domestic product is calculated of the total promoted salary of a general public, and the greater part of its proposed substitutes, (for example, the GPI) are additionally essentially measures of balanced normal yearly "wage" streams (where the changes are intended to catch issues, (for example, natural debasement that GDP now disregards).We that as it may, "salary" is a stream variable that does not straightforwardly consider the total estimation of the inheritance which this age will leave to its relatives.

In upset of the fact that those now alive obviously care about the level of their own intake, they also care (in varying degrees) about the well-being of future generation. Furthermore, although tendency in average income is important, individuals are correctly familiar about the quantity to which they independently will allocate the average, and the degree to which their individual economic future is safe.

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5.3 STRUCTURAL CHANGE IN COMPOSITION

According to researcher, analyze the progress of the Indian economy over the post economic reform, particularly identifying structural breaks. We find that regularly there has been a favorable change in the presentation of the economy. The development rate of per capita GDP after declined in the decade the mid 1960s to mid-1970s has been accelerating beneficially. Since 1991 exports have played an important role in this growth. The many crises and the measures are taken to tackle them have not restricted this growth, except the policy changes welcomed from 1991. The structural breaks we recognize do not usually coincide with these problems.

Structural changes as introduced in the interchange proportion of primary to tertiary have broadly followed the same time prototype as the changes in growth rate but the inside of change have various from time to time. No doubt, the contribution of primary has continued to decline over the post reform period from 57.4 % in 1950-51 to 40.1 % in 1980-81 to 24 % in 1995-96, to about 16.4% in 2009-10. Secondary and tertiary sector have both increased their contribution, but at a various pace and in different periods. Accordingly, their relative contribution to the growth of and importance in aggregate GDP has varied over different periods.

In this pattern of the observed prototype of development and structural changes, economic growth in after the independence India can be divided into the following four phases, each with its differentiating characteristics. Changes in the various dimensions of the structure of employment have been fairly slow. Employment has increased very fast in urban than in rural areas throughout the period since 1972-73, yet the governance of rural areas has continued in the employment structure: they report for 72 % of employment in 2009-10, though their contribution has seen some decline from 80 % in 1983.

Within outside or not developed areas, there have been important structural changes the non-farm sector has grown in importance though not so much in employment as in output. The situation may vary across regions as also in different years but the dominant secular trend is found to be positive.

The non-farm sector contributed 28 % of rural NDP in 1972-73; the contribution has increased to almost two-thirds now. Employment contribution of non-farm activities has increased from about 15 % in the early 1970's to 32 % in 2009-10. There are some queries about the nature of employment diversification in undeveloped areas – whether it has been demand–induced or distress-driven. A cycle of Structural Change Rotation are the reform business shift from primary to secondary to tertiary sector then labor are attract to secondary sector because they offer more stable and better-paying employment than agriculture .After Huge contribution in output than in employment, of the industrial sector and tertiary sector constantly higher wages in secondary than primary sector strongly support this proposition. Bhalla (2005),

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Papola (2010). In aggregate, structural changes in employment have not been as large as in GDP.

The contribution of employment in secondary sector changes from continuously 15% to 21 % and to 27 %. A much larger decline in the share of primary sector and agriculture, services have increased their share in GDP from 36 % in 1972-73 to 45% in 1993-94 and to 59 % in 2009-10, in GDP than in employment is, however, a major cause of concern. With a 41% share in GDP and 74 % in employment, average output per worker in agriculture was constant only about one-third of that in non- agriculture in 1972-73.

In 2009-10 with its share in GDP reduced to 15 % with over 51 % of workers still in agriculture. Structural changes are concluding in this part mainly in terms of the broad triangular division of the economy into the primary, secondary, and tertiary sectors.

The latter three sections then take a gander at the stories of progress in the organization yield inside every one of the three expansive divisions in to some degree more noteworthy detail, which serve to feature the critical changes that took put inside every sector as time goes on as likewise the movements in their examples that happened now and again.

5.4 EXPORTS FOR DEVELOPING COUNTRY

India's export in post economic reform scenario shift from European and other developing countries with Asian, African and Latin American countries.

Over the past four decades, world exports have been growing at a much faster rate than the world GDP (Krugman, 1995; Krugman, 2008). Between 1960 and 2010, world exports (in current US$ terms) increased 120 fold while GDP increased to 46 fold. World exports total $124 billion, of the World GDP by 2010 increases 25%.

Many developing countries merchandise exports have grown much faster than world exports, but they still report for just one-third of total exports. Again with the exception of 2007, even though the policy in LLDCs, their share of exports in GDP remains poor compared to the other developing countries. That was appeared distinction the growth rate of LLDCs was relatively higher during this period. The LLDCs were less affected by the global financial crisis (GFC) compared to the non-landlocked developing countries because they were less integrated in all over the world economy through FDI and international business.

That major basic moves in yield and business dependably go with a managed and fast growth of per capita yield of a nation has been a built-up adage since the first investigations of monetary growth by Fisher, Clark, and Kuznets1. Such auxiliary movements have been viewed as systems impacting the velocity of growth and as well as possible being the affect of growth. Both of two type of divisions of the

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economy nearly taking after each other—the essential optional tertiary or horticulture industry-administrations divisions—have been utilized to portray the run of the mill example of auxiliary change related with what Kuznets called current financial growth.

This run of the mill design integrate at first a move from an agricultural to a mechanical economy through industrialization—an expansion in the offer of the modern/optional area in yield and business joined with a declining significance of the agribusiness/essential part. The finalize post-industrialization or de-industrialization is one whose main element is the developing significance of the administrations/tertiary part, even to the detriment of industry, or the progress to an administration economy. An assortment of components has been featured in endeavors to clarify the watched relationship amongst growth and basic moves in yield and business. On the demand side, according to Engel's Law describing shifts in the example of demand as salaries rise has been one such factor. On the supply side, intrinsically differential productivities and productivity growth of the three segments has been progressed as an imperative wellspring of this affiliation. The increasing demand of firms for administrations and expanding outsourcing of these have also been represented as essential in explaining at least the eventual shift towards services. While these descriptive factors do indicate why structural convert in output and service are a mandatory part of economic develops, it remains unseen why the tendency of these cannot be different for countries making their shifts to rapid and sustained growth at very different points of time and under very different technological and trade scenario. However, leaving aside the Indian case, the historical experience of not only developed countries but also developing economies appears to support the case for there being a universal pattern.

For the most part, the writing on India's growth history has been distracted by the issue of defining moments in growth rates instead of with the auxiliary changes going with them. A parallel talk, however, exists on the wonder of services as opposed to industry representing an uncommonly extensive offer of the development of non-agrarian yield in India. As respects growth rates, While it has been discussed as to which was the more vital and noteworthy one, the status of both as key defining moments has not been addressed.

The mainly effected Landlocked developing country Armenia, Azerbaijan, Belarus, Kazakhistan, Kosovo, Kyrgyz Republic, Bolvia, Paraguay, Nepal, Bhutan, Afghnistan, Botswana, Burundi, Chad, Ethiopia, Lesotho, Mali and Uganda. The first is associated with independence and the shift from the stagnation of the colonial era to the 'Hindu rate of growth. It is only with this that anything that could be explained as modern economic develops begun in India

The option of the classification scheme is, of course, something highly essential because it can affect the conclusions one draws about the tendency of structural change diversified growth. It could likewise maybe be fought that maybe significant

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arrangement calendar ought to be regularized in space and time as the idea of exercises making up every expansive sector and their attributes, the relative fundamental of various exercises making up any sector, and the connections between the improvements of various exercises are all amount.

Software services are for instance may be an important component of services today but nothing of equivalent nature existed earlier. At one time non-tradability was almost an explaining characteristic of services but that is no longer true. Today the progress of aviation and mobile telephone may be the executor of growth in the same sector. The development of transport and communication in an earlier era meant the expansion of railways and the telegraph.

5.5 TREND CONCEPT IN INDIA'S EXPORT

After Post economic reform the Indian government decision to deregulate international business, adopted agenda is good response of balance of payment crises and export contribution in primary, secondary and tertiary sector export significance change are seen.

Foreign exchange reserves tear down in pre reform period the government of India maintain to this crises loan from International Monetary Fund (IMF). Under the policy guideline reforms in the national economy have been capable to decline excessive Government control of decision making. The policy guideline highlighted new technological changes, expanded.

All these process have helped to improve international business and export. The objective of this study is to explore emerging trends in trend process including tracking and visualizing trends, communicating and distributing trends, as well as applying trends to design under today's driving forces: high market competition, effective branding, complicated market segmentation, and technological advancement.

5.6 SOME BASIC TREND EXAMINE AREA

5.6.1 ECONOMIC REFORMS THE SECOND WAVE TAKEN BY GOVERNMENT OF INDIA

Initially economic reforms were started under Rajiv Gandhi period they did not got the result as they wanted but after some time, P.V Narsimha Rao was prime minister and Manmohan singh was finance minister to re-establish internal and external confidence to new Industrial and trade policy.

In his memorandum on economic policies submitted to IMF, Dr. Manmohan Singh then finance minister proposed the thrust will be to increase the efficiency and international competitiveness of industrial production to utilize foreign investment

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and technology to a much greater degree than in the past, to develop the performance and updated the scope of the public area and to reform and modernize the financial sector so that it can more efficiently serve the desire of the economy.

The major areas of the second way of economic reform were-

- **FISCAL POLICY**

  Our medium-term objective was to progressively reduce the overall public sector deficit from an estimated 12.5% of GDP to about 4% of GDP in the mid-1990's. For achieving this target, the government intended to strictly control public expenditure and aim at higher tax and nontax revenue the government intended to impose fiscal discipline both on the state government and the central governments. Reduction of subsidies was to be furthered by a moment to a more objective system of administered process talking into a count market development and domestic supply condition.

- **EXTERNAL POLICY**

  The government stabilization and imports compression major were expected to reduce the external account deficit to 2% of GDP.

- **SOCIAL POLICY**

  The government was of the view that whereas the process of macroeconomic adjustment was bound to be painful, it was committed to adjustment with a human face and therefore, a steadfast adherence to the objective of poverty alleviation was an integral part of our conception of the adjustment process.

  The government provided for higher outlays on elementary education, rural drinking water supply and progress for the we export of scheduled caste and scheduled tribe children and other many weaker section of the civilization as well as increased spending on infrastructure and employment creation project in the rural areas.

- **INDUSTRIAL POLICY**

  The regulatory framework which acted as a barrier to entry and growth was sought to be basically changed by the government of new industrial policy announced on the july24, 1991. The major introduced in this area along with the other economic reform whereas as under

  - Industrial licensing was abolished for all projects except for a list of 15 industries related to security, strategic or environmental concerns and certain items of luxury consumption that had a high proportion of imported inputs.

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- The monopolistic and restrictive trade practices (MRTP act) applied in a manner which eliminated the need to seek prior government approval for expansion of present undertakings and enterprise of new undertakings by big companies. MRTP act restriction was removed.

- **FOREIGN INVESTMENT POLICY**

The industrial policy 1991 also provided increased opportunity for foreign investment. (FDI).

The following measures were announced in this regard:

- Automatic acceptance would be given for direct investment up to 51% foreign equity ownership in a wide range of industries. Earlier, all foreign investment was generally limited to 40%.
- To offer access to international markets, majority foreign equity holdings upto51% equity would be accepted for trading companies primarily engaged in export behaviors.
- Automatic permission would be given for foreign technology agreements for royalty payments.

5.6.2 TRADE POLICY

An important element of this strategy was the transactions from a regime of quantitative restriction to price based system. From 1st April 2001, quantitative restrictions on all items have been removed.

- **PUBLIC SECTOR POLICY**

To provide a solution to the public sector's problem, the government decided to adopt a new approach the existing portfolio of public investment, budgetary support to public enterprises to be reduced, to provide further market discipline for public enterprises.

5.7 PRESENT POSITION OF INDIA'S EXPORT

From post economic reform 1991 India accepted economic reform, which objects at greater market orientation and more liberalization of country's economy through free constant of government control. Since1991 India's external sector has undergone significant change in India's foreign trade policy concentrated more on export growth.

India's export growth, the several initiative was accepted to promote an enhanced, many provision was made like removing of quantities limitations on export, the establishment of SEZs, EXIM banks, ECGC, STC,IIFT etc.

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The present position of India's export is satisfactory and the values of secondary and tertiary export have been more than the target.

From post-reform period the global recession in 2008-09 has affected India's export leading to negative export growth rate but marginally compared to other economics and soon it recovered is positive growth phase in succeeding years. The contribution of India in world commodities exports continuously constant at 1% between 2005-06 but thereafter this tenure and reached to 1.11% in 2007, 1.32% in 2009, 1.52% in 2010-11 and 1.68% in 2014-15.

In present time there has been a major compositional change in India's export basket. Where the contribution of primary products in India's total export has continuously declined and reached 14.91% in 2011-12 from 16.22% in 2004-05 but some agriculture allied products and export growth rate of grain, marine products, oil meals, and raw cotton were better in 2014-15 while India's contribution in tea and coffee was less. Ores and minerals were a negative development and the contribution of petroleum crude products enhanced.

The contribution of manufactured goods reduced to 61.3% in 2011-12 from 77.8% in 2003-04. The contribution of electronic goods to enhanced.

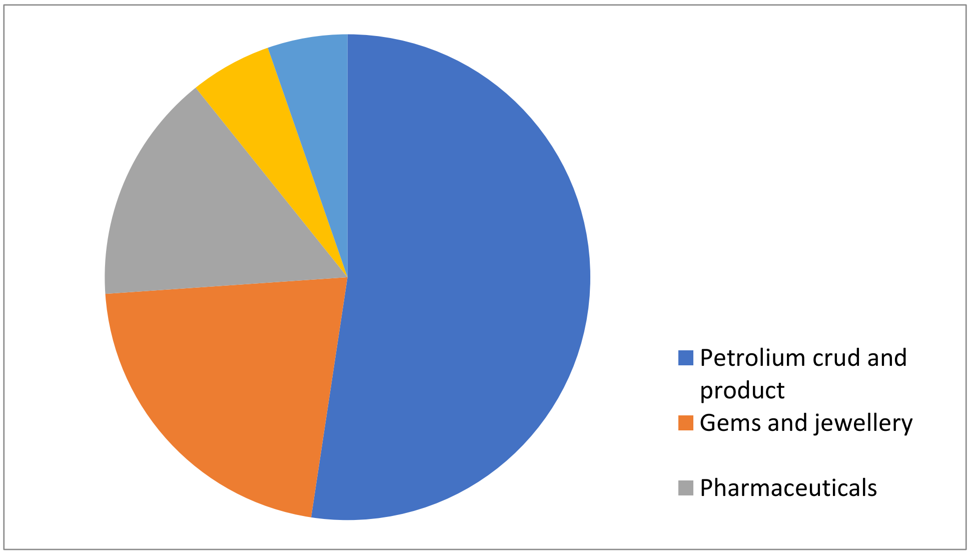

FIG 5.2 TOP EXPORT COMMODITIES IN FIGURE
SOURCE: MINISTRY OF COMMERCE GOVERNMENT OF INDIA

5.7.1 TOP EXPORT ITEM IN FINANCIAL YEAR 2012-13

a. Petroleum product
b. Gems and jewelry
c. Pharma products
d. Transport equipment

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e. Readymade garments
f. Machinery instrument
g. Manufacture of metals
h. Electronic goods
i. Cotton yarn and fabric
j. Rubber and glass product

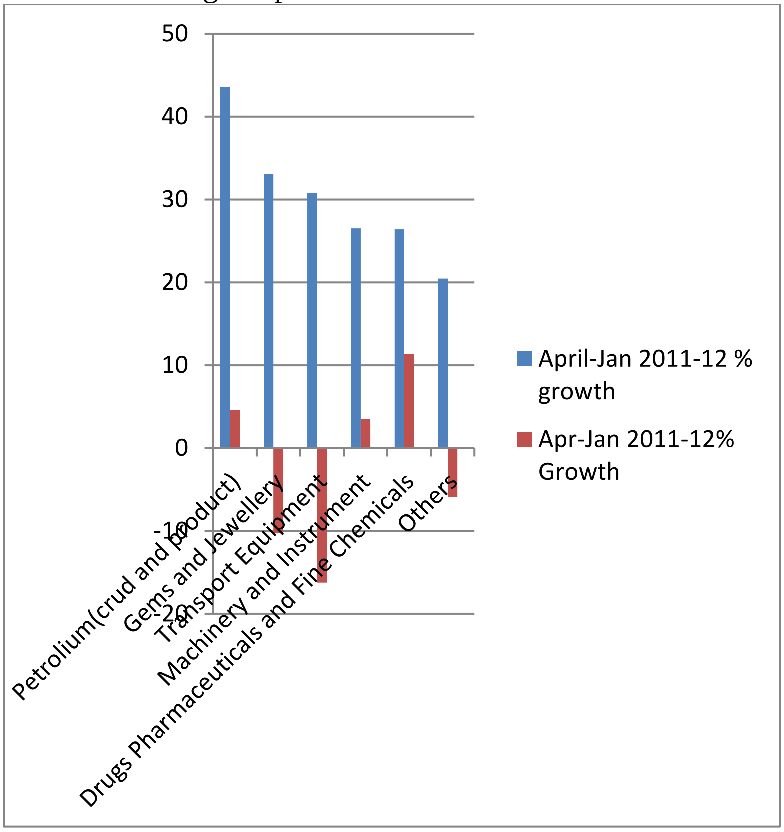

FIG 5.3 TOP FIVE COMMODITIES OF EXPORT 2011-12 2012-13 IN PRESENTED BY GRAPH
SOURCE: BASED ON DATA FROM RBI AND HANDBOOK OF STATISTICS ON THE INDIAN ECONOMY.

India's service export has indicated a robust change in a recent year. The major category of service export in early years consists of software service, travel service, business service and transportation service. India's main service exportation in UK and USA.

India's secondary and tertiary sector product in reform period were better than many of emerging new developing economies which have to reduce the rule of primary sector and labor base business and services. This is structural change in exporting sector from primary to tertiary sector. In this scenario, the contribution of the traditional developed economy has decline the important export destination of India.

5.8 THE DIRECTION OF INDIA'S EXPORT

The direction of India's export in present scenario is shift Southeast countries mostly Asia and Africa region. The contribution of Africa, Asia, and Latin American countries increased from 47% in 2001-02 to 62% in 2013-14 of this, the contribution of Asian region boost 40% to 52% in this time. The peak destination of India's export United Arab Emirates since 2008-09 with an export share of 13% has appeared the USA to the second position and China has been shifted at third position. India's export to these top three objective countries registered a growth of 43.31%, 30.82% and 69.11% in 2012-13.

5.9 SOURCE OF DATA

The Indian export scenario post economic reform Era based on data compiled from secondary sources. Major data sources are as follows: Government of India, New Delhi; Ministry of finance, Central Statistical Organization(CSO), New Delhi; International Financial Statistics(IFS), International monetary fund(IMF), Washington D.C.; Direction of trade statistics, IMF, Washington D.C.; and Comrade, United Nations organization(UNO), New York, WTO, International trade statistics.

The published works of eminent economists and material available from websites, libraries, magazines, journal, publications and standard books concept has also been referred for the present research work.

5.10 EXPORT PROMOTION PROCEDURES IN INDIA

The positive export growth major of the primary efforts to promote the export's country through the condition of the various type of motivation and assistance to those engaged in export business the several export promotion measure help to controlling and removing export barriers thereby creating a emerging market prospect for presenting and prospective exports. It includes the activities enhanced group of the Indian product abroad. The important to successful national export promotion measure is the government guideline. The government of any country to conduct several fairs, group of buyers and sellers meet for emerging market program and other facilities a part of export promotion measure to help exporters. Increasing export is the peak priority of any government in both the new developing and the developed country as it leads to better growth and so export promotion programs are universal in all the economics.

5.10.1 STAGE OF EXPORT PROMOTION

An exporter needs guidance and assistance at different stages of his export effort. For this reason, the legislature of India has set up a few organizations whose fundamental

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capacity is to encourage the business and exchange occupied with exports Institution occupied with export exertion fall in six unmistakable stages.

At the first stage is the in the ministry of commerce industry. This is the main organization that formulates and guides India's trade policy. At the second stage, there are recommended bodies to ascertain that export quandaries are widely dealt with after mutual debate between the Regime and the Industry.

At the third stage are the commodity categorical organization, which deal with quandaries relating to individual commodities and groups of commodities.

The fourth stage consists of accommodation institution which facilitates and avails the exporters to expand their operations and reach-out more efficaciously to the world markets.

The fifth stage comprises of Regime exchanging associations categorically set-up to handle export/import of determined items and to supplement the endeavors of the private liability in this area of export advancement and import administration.

Agencies for export promotion at the state level constitute the **sixth stage.**

TABLE 5.4: EXPORT PROMOTION STAGES OF INSTITUTIONS

Stages	**Bodies**	**Responsibilities**
1	Department of Commerce	The framing of trade policy.
2	Advisory bodies	Coordinating discussions between industry and government for bringing in required changes
3	Commodities Organization	Assist the export effort of the specific product group.
4	Service Organization	Facilitate and assist exporters to expand markets.
5	Government trading Organization	Handle export-import of specific commodity.
6	State Export promotion agencies	Facilitate export promotion from the states.

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Apart from the organizations established exclusively for export promotion, there are also a number of other institutions which assist the export sector. Government has recognized or sponsored a number of organizations to provide several or different types of exporting contribution.

The Government of India, Ministry of commerce and industry, is the controlling body of rules and policy guideline of the international business of the country.

The **MINISTRY OF COMMERCE AND DEPARTMENT OF COMMERCE** is allocated a leading role in different matters apprehensive with foreign trade of the country, as well as commercial contact with other countries, promotion, and rule of foreign trade, state trading, etc. Matters connected to foreign trade are dealt with by eight divisions in the sector of commerce, namely:

- Finance division,
- Economic division,
- Trade policy division,
- Foreign trade territorial division,
- Export products division,
- Service division and
- Industries division.

Administrative assortment of components has been featured in endeavors to clarify the watched relationship amongst growth and basic moves in yield and business. On the demand side, according to Engel's Law describing shifts in the example of demand as salaries rise has been one such factor. On the supply side, intrinsically differential productivities and productivity growth of the three segments has been progressed as an imperative wellspring of this affiliation. The increasing demand of firms for administrations and expanding outsourcing of these have also been represented as essential in explaining at least the eventual shift towards services.

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5.11 CONCLUSION:

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- Sharma, Kishor (2000)
- Alguacil, M.T, (20 02)
- **Source:** Based on data from RBI and handbook of statistics on the Indian economy.
- Ministry of Commerce Government of India

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