
EXPORT INFRASTRUCTURE ON THE TOTAL EXPORTS OF INDIA AND GROWTH OF INDIAN ECONOMY

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ABSTRACT

Modern infrastructure is the arteries of commerce within a country. Commerce requires roads, rail lines, sea ports, airports, and reliable sources of energy at reasonable prices or else, goods can not be transported rapidly, production is interrupted, the supply chain collapses, and the economy suffers. Similarly a well functioning communications system is a pre-requisite for investment; in today's global markets, if companies lack reliable communications, they can not operate.

KEY WORDS: Global market, production

INTRODUCTION

According to the estimates by the Ministry of Statistics and Programme Implementation, the Indian economy has registered a growth of 7.4 per cent in 2009-10, with 8.6 per cent year-on-year (y-o-y) growth in its fourth quarter. The growth is driven by robust performance of the manufacturing sector on the back of government and consumer spending. GDP growth rate of 7.4 per cent in 2009-10 has exceeded the government forecast of 7.2 per cent for the full year. According to government data, the manufacturing sector witnessed a growth of 16.3 per cent in January-March 2010, from a year earlier.

Economic activities which showed significant growth rates in 2009-10 over the corresponding period last year were mining and quarrying (10.6 per cent), manufacturing (10.8 per cent), electricity, gas and water supply (6.5 per cent), construction (6.5 per cent), trade, hotels, transport and communications (9.3 per cent), financing, insurance, real estate and business services (9.7 per cent), community, social and personal services (5.6 per cent). The Gross National Income is estimated to rise by 7.3 per cent in 2009-10 as compared to 6.8 per cent in 2008-09. The per capita income is estimated to grow at 5.6 per cent in 2009-10.

INVESTMENT ATTRACTIVENESS OF INDIA

Size of the market and growth potential are two important factors in attracting investments in an economy, then India's potential is widely acknowledged. It is a well known fact that India has been one of the fastest growing economies over the past decade, averaging around 9.5% GDP growth second only to China. According to the World Economic Forum's Global Competitive Index (GCI) for FY 2007, India climbed two spots to 43rd, well ahead of Brazil (66), China (54), Russia (62), South Africa (45) and Kuwait (44).

This demonstrates remarkably high scores in capacity for innovation and sophistication of firm operations. The quality of the business environment in India has improved tangibly in recent years. The available evidence suggests that the Indian economy may have entered a high growth model. India scored 4.44 overall in the Global Competitive index in which the top ranking Switzerland got 5.81 in the study covering 125 nations. China's overall score was 4.24.

India got credit in particular for the quality of scientific research and the number of scientists and engineers, which are increasingly supplying highly- skilled professionals to the private sector "Firm use of technology

and rates of technology transfer are high, although penetration rates of the latest technologies are still quite low by international standards, reflecting India's still low levels of per capita income and high incidence of poverty," But its level of fiscal deficit is still an area of concern, along with that of lack of appropriate infrastructure, hampering growth in remote regions. The other concerns revolve on shortcomings in the provision of health services and education, which are necessary to ensure that the benefits of economic growth are more broadly distributed.

INVESTMENT ATTRACTIVENESS OF MAHARASHTRA

Maharashtra is the second most populous state in the country accounting for 9.4% of the country's population (2001 census) and 13% of the country's GDP. World competitiveness report lists Maharashtra as the 42nd most competitive region in the world. Some of the notable features of the Maharashtra economy are enumerated below.

- Maharashtra is one of the most developed states in the country with high per capita income of US\$ 722 (All India US\$ 522).
- Maharashtra accounts for 22% of the country's net value added in the industrial sector.
- The state has the highest power generation in the country.
- Average annual growth rate in last 10 years has been 7% p.a. with 12% targeted growth rate for next 5 years.
- It is the most urbanised state in the country 43% (India 28%)
- Maharashtra accounts for around 40% of the total exports from the country.
- The state accounts for 12% of country's universities, 17% of medical colleges, 13% of engineering colleges and 19% of management institutes.
- Maharashtra is rated as the most well connected state with outside world with 3 international airports and 4 fully functional domestic airports. It handles 34% of the country's international passengers and 34% of international cargo.
- JNPT port handles 58% of the container traffic of the country.
- In software, Maharashtra contributes to about 30% of the country's software exports.
- World Bank report rates Maharashtra to have the best investment climate in the country.
- Maharashtra is the leading state in India in respect to investment attraction. The total investment in the state during 1991-2004 stood at US\$ 52.8 billion.
- The key sectors in manufacturing include automobiles, petroleum products, synthetic textiles, chemicals and electrical and electronic equipments.
- The state accounts for 27.5% of the country's chemicals, petrochemicals and oil and gas output; 40% of the country's pharmaceutical output, 38% of the country's automobile output and 23% of the engineering sector output.
- Has Mumbai the financial capital of the country and the 6th largest metropolitan area in the world and most Cosmopolitan City in the country.

The state had 379 numbers of projects worth Rs. 649.80 billion (Approx: US\$ 13 billion) under various stages of implementation as of January 2015. The table below summarises the distribution of investment (proposed, announced and under implementation) in Maharashtra and their relative share in India.

SIGNIFICANT VALUE ADDITION AND ACCESS TO INTERNATIONAL MARKETS

The activities have to be carefully selected to ensure that significant value addition takes place in the zone and the over all economic development of the region is expedited. Employment intensity may be an important issue. The focus products should also be able to find ready market internationally to qualify for its consideration in the zone. Ministry of commerce in one of the studies has identified focus products where India can capitalize on its strengths and make major break through in the international markets. Most of these

products fall in the category of electronics and electrical, engineering, pharmaceuticals, Automobiles, Textiles and others. Some of the focus products in each category offering good scope are as follows:

Engineering: Printing and processing machines, transmission shafts, piston engines, Air relief pumps, internal combustion engine parts, electrical generators, sound generating equipment, screw bolts and nuts, electrical machine parts, gas turbines Electrical filament, discharge lamps, centrifuges, insulated wires, electric conductors, heating an cooling equipment, industrial castings, forgings, steel pipes and tubes, cutting tools, pumps, compressors, flanges, bearings etc.

Textiles and RMGs: Cotton yarn, sweaters, pullovers, vests, women/girl suites suitcases, wallets, shirts, overcoats etc.

FOCUS ON DIVERSE RANGE OF PRODUCTS

Diversity in multiple economic activities including a range of manufacturing and services activities is critical for the free zone to evolve as an economic entity in itself. Experiences have shown that diversity in industries operating in the zone helps in effectively balancing the swings and cyclicity in individual industry performance. Therefore an attempt has to be made to have as diverse range of activities in the zone as possible. Most of the successful SEZs in the world have diverse product mix and industry concentrations. The mix of key industries in Shenzhen. China is given in the table below.

TABLE 2: KEY INDUSTRIES IN SHENZHEN

Industry	Number of units-2000
Electronics and telecom equipment	373
Garments and other fiber products	262
Plastic products	185
Metal products	178
Instruments and office machinery	157
Electrical equipment and machinery	145
Transport equipment	102
Leather products	85
Food processing and manufacturing	89
Textiles	84
Paper making and paper products	56
Printing and record medium reproduction	61
Cultural and sports goods	102

Source: Shenzhenwindow.net

MARKET SIZE & EXPORT POTENTIAL

Food processing covers activities such as agriculture, horticulture, plantation, animal husbandry and fisheries. It also includes other industries that use agriculture inputs for manufacturing of edible products. The sector covers Dairy, Fruits and Vegetable processing, Grain processing, Meat and poultry processing, Fisheries and Consumer foods including packaged foods, beverages and packaged drinking water. Globally food-processing sector is the largest sector. Global Food and Beverage

Industry is valued at USD 3668.3 billion in 2005. The food processing industry is one of the largest industries in India. It is ranked fifth in terms of production, consumption, export and expected growth. Major highlights of Indian food industry are highlighted.

- Agriculture sector contributes one-fourth of the country's GDP.

- India is the largest producer of milk, fruits, pulses, cashew nuts, coconuts and tea in world and accounts for 10 % of the world fruit production.
- Horticulture sector contributes 30 % of the agriculture GDP and accounts for 8.5 % of cultivated area.
- Cotton production for FY 2005-06 has increased to 18.4 million bales, compared to the previous forecast of 17 million bales.
- Basmati exports in FY 2005 grown to USD 596 million from USD 432 million in previous year.
- Non-Basmati rice exports grew to USD 880.0 million in FY 2005 from USD 483.8 million in previous year.
- Agriculture output expected to grow by 3%
- Joining the list of biotech mega countries, India now has 14 biotech crops under consideration.
- CII has estimated that the food processing sector has potential of attracting USD 33 billion (Rs.150, 000 Crores) of investment in next ten years

The current domestic market for processed food is estimated at US\$ 184 bn. India had a 1 per cent share of overall global trade in 2004. In the food category the gross Indian trade was US\$ 9,862.34 million during fiscal year 2004, which was 10.6 per cent higher than the previous year figure of US\$ 8,914.82 million. The total exports of Agriculture and allied products in the yr 2005-06 stood at \$ 9.4 Bn (Rs 42361 crores). Exports of food products constituted 7 per cent of total Indian exports. The major food and agro items exported from India are marine items, cereals and preparation, nuts, processed foods, beverages etc. The processed food overall account for less than 2% of the total manufactured exports from the country.

GRAINS: India produces about 200 million tones of different food grains every year. All major grains -- paddy, wheat, maize, barley, millets like: jowar (great millet), bajra (pearl millet) and ragi (finger millet) are produced in the country. The country is self sufficient in grain production and is the second largest rice producer in world, with a 20% share

OIL SEEDS: India is one of the largest producers of oilseeds in the world. Its share in world production is as high as 27 percent for groundnut, 23 percent for sesame, 16 percent for rapeseed and 66 percent for castor seed. Groundnuts in shell form 11% of world exports and sesame forms 17%. India's productivity is however quite low, around fifty percent of the world average and even less in the case of soybean.

CONCLUSION

The development of any nation depends mainly upon the performance of the key sectors such as agriculture, science and technology, foreign trade, transport systems, insurance, banking etc. Total development is based on infrastructural facilities. The contribution of infrastructure in the development of a country is very essential. Inadequate infrastructure has constrained the growth of Indian economy. Only improved infrastructure may rapidly change the pace of growth of economy of a country. To produce effectively, to export competitively and to use our resources effectively, we must improve the infrastructure, only then rapid economic growth can take place.

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