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The Trends and Growth of India's Foreign Trade (A Comparative Study between Pre and Post Reforms Period)

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Abstract

The favorable foreign trade of a country is always treated as tonic for economy of that country. Since independence Indian foreign trade was suffering due to excessive administrative control. However, the liberalization policies in 1991 brought some free environment for external movement of goods and services. Present study is an attempt to find out the changes accrued due to liberalization on India's foreign trade. The time series secondary data of 60 years from 1960-61 to 2019-20 of India's foreign trade are included in the study. Annual growth rate in percentage, compound annual growth rate in percentage and paired t tests are used to estimate the changes in the growth of India's foreign trade between pre and post liberalization period. The result of the study confirms that India's foreign trade improves during post-reforms period. All the foreign trade indicators like export, imports and total volume of trade has increasing trend and growth after adopting the liberalization polices in 1991. Paired t test results also confirm long-run significant changes of India's trade after adopting economic reforms.

Key Words: Foreign-Trade, Trend and Growth, Economic-Reforms, Compound Annual Growth. Paired t test.
JEL: F1, G01, G18.

1. Introduction:

The foreign trade of a country is always treated as significant determinant of the level of economic development; it creates important impacts on counties economic growth, employment generation, poverty alleviation and economic welfare of the people. It helps the countries for better utilization of its unused natural resources and provides platform to export its surplus production. Foreign trade is very important in the sense that it contributes to economic growth of a country. The policy regime in India with regard to liberalization of the external sector has brought tremendous changes in India's foreign trade (Singha, 2014). No country in the world having absolute advantage on production of all the goods and services that they need. So the countries need to trade goods and services with each other, which results there is outflow and inflow of foreign exchange from one to another.

India has been primarily an agriculture based economy but now India is transforming into industrialized and service economy. India has opened its economy lately for the world; it experienced its planned development until it leaded towards the concept of economic reforms and liberalization and made progressive economic growth afterwards (Salim, 2015). Before 1991, Indian foreign trade was suffering due to strict administrative controls like licensing, quota and others qualitative and quantitative controls. However, in 1991, it was realized that India's foreign trade policy must get Liberalized and opened as per changing scenario of the world. So, Govt. of India reduced unnecessary bureaucratic and administrative controls and shifted the focus on promotion and development of foreign trade. During the post-reform period, India's foreign trade has witnessed a tremendous growth, the rate of growth of import and export increased manifold. The Govt. of India adopted various export promotion policies and schemes to encourage exports.

In 1991, the major program of economic reform were introduced which emphasize on external sector wherein the protective tariffs were decreased, changes into foreign investment and the restrictive import licensing system was relaxed and simplified. This policy mainly focused on liberalization of capital goods and imports from industry for encouraging the domestic and export oriented growth. India's trade was changed significantly into the post reform periods (Yadav, 2018).

There are large numbers of studies tried to analysis the comparative picture of foreign trade between pre and post reforms period. But all these studies did not able to cover the long-run trend and growth of economic reform of 1991. Therefore, in order to find out the long-run impact and scenario of economic reforms on India's foreign trade, the present study has been conducted by taking total 60 years of India's foreign trade data. The whole time period has been divided into two sub-periods 30 years i.e. from 1960-61 to 1989-90 (pre-reforms period) and 30 years i.e. from 1990-91 to 2019-2020 (post-reforms period).

2. Review of Literatures:

The followings are the some important studies reviewed which focuses on the scenario of International trade of India. Among them, some studies focused on comparative pictures of India's foreign trade between pre and post liberalization period. For example, P. Yadav (2018) focused on India's foreign trade in pre and post reform era. Kumar and Sood (2016) on India's foreign trade and balance of payments position in pre and post reforms period. Amandeep Kour (2012) studied on pattern of India's foreign trade in pre and post reform era. Like Mohd. Salim (2015) presented details trend on India's foreign trade in pre and post liberalization period. Dr. P. Sahni (2014) also conducted a comparative study to analyze the trends in India's exports between pre and post liberalization period by using the time series data. She finds that India's exports performance improved significantly during the post-reform period and there has been a perceptible change in the value, composition and direction of India's exports.

Harikumar (2014) focused his study on changing phases of the India's international trade before and after liberalization period. He finds that, there had been increase in the trade

volume in the India's international trade, and the exports from India also have increased. T. Maheswari (2017) examined the growth and structure of India's foreign trades in the post-reform period. She finds that India's foreign Trade has significantly changed in the Post-reforms period as trade volume rose and the composition of exports has undergone several significant changes. In Post- reform Period, the major contributor to exports growth has been the manufacturing sector (Maheswari, 2017). Pushpalata Singh (2014) examined the Performance of Foreign Trade in India in the Post Liberalization Era. In her study it was revealed that though the total exports and imports both have increased but the growth rate of imports is more than the growth rate of exports. It is also found that manufactured goods compose major portion of the export goods while petroleum and crude products contribute major portion of the imported goods.

3. Significance of the Study:

Since independence, India was following strong controlled and restrictive economic policies. The reason was mainly to provide protection to Indian industries from foreign competition but such protection did not able to enhance the competency of Indian industries. The protectionist and excessive administrative controlled policies affected the normal economic activities, as a results the poor economic growth and the crisis on balance of payments. In 1985, India had witness balance of payments crisis along with large trade as well as fiscal deficit. Moreover, Gulf-war in1990 and hike in the oil price in the international market severely affected Indian foreign exchange reserves that could finance maximum tree weeks' worth of imports. The IMF and World Bank also denied providing any assistance, having no option the government decided to mortgage the country's gold and to liberalize Indian economy as per conditions stipulated for World Bank loan.

Liberalization of Indian economy results removal of excessive protective barriers and foreign trade was became easier. Various studies already accepted that liberalization and globalization of Indian economy provided a boost on India's foreign trade, which again played a very important role in increasing GDP level of the country. The export volume of any country constitutes a key factor for economic development and rise of import volume have its negative affect on home economy. So, present study is necessary to analyses the long-run impact of economic reforms on Indian foreign trade. And in this regard, the study examined the trend and growth of export, import and to compare it with earlier i.e. pre-reform period.

4. Objective of the Study:

The present study has been conducted to assess the changes in India's trade growth between pre and post reform period of India's economic reforms (1991). So the broad objectives are:-

1) To examine whether there is any significant improvement regarding the trend and growth of India's export, import and total trade due to implementation of the policy of economic liberalization.

2) Assess the long-run growth pattern of India's foreign trade during pre and post reform period.

5. Hypothesis of the Study:

The present study has fixed the following hypothesis(s).

H0: There was no significant increase in export, import and total foreign trade due to implementation of economic reforms 1991.

H1: There was significant increase in export, import and total foreign trade due to implementation of economic reforms 1991.

6. Data and Methodology of the Study:

The study is based on secondary data. The data collected from RBI websites, World Bank database, various articles and other published sources to analyses the trend and growth of the India's foreign trade during pre and post economic reforms of 1991.

To examine the long-run picture of economic liberalization, the data of 60 years have been collected, 30 years of before the economic liberalization and up to 30 years after the implementation of the policy of economic liberalization.

Simple statistical tools like Annual Growth Rate in percentage (AGR%), periodical Compound Annual Growth Rate in percentage (CAGR%), charts/diagrams, calculation of mean, SD, SE etc. and paired t test has been conducted to find out the significance of the impact of economic liberalization.

For annual growth rate I percentage the following formula have been used.

$$GRt = \left(\frac{Yt - Yt - 1}{Yt - 1}\right) X100$$

Whereas GRt is the growth rate of the t^{th} time period, Yt and Yt-1 are the value of variables at t^{th} and one year back of the t^{th} time period

The periodical compound annual growth rate also estimated in the present study to see the 5 yearly growth of export, import and total trade during the study period of 60 years. For compound annual growth rate the formula have been used as

$$\text{CAGR}=\left(\frac{Y_F}{Y_0}\right)^{1/t} - 1 \qquad \text{and} \qquad \text{CAGR\%} = \left(\frac{Y_F}{Y_0}\right)^{1/t} - 1 \text{ X } 100$$

Whereas, CAGR is the compound annual growth rate. Y_F is the final value of the variable Y, Y_0 is the initial value of the variable Y and t is the time in years.

7. Results and Discussion:

Since independence, India has witnessed strong bureaucratic and administrative controls on foreign trade but economic reforms (1991) in India shifted its focus on promotion and development of foreign trade. Table-1 presents the trend and growth rates of export, import and total trade during the pre-liberalization period (i.e. from 1960-61 to 1989-90).

In the 1960-61 the India's Imports was near double from the volume of exports. Regarding the growth of exports during pre-reforms period, it was 38.7 % in the year 1966-67, which is the highest export growth recorded during pre-reforms period. In the year 1989-90 the export growth recorded 36.7%, year 1974-75 it was 31.95%. India has witnesses negative export growth in the year 1985-86 it was -7.23%, year 1965-66 it was -2.25% and in the year 1964-65 it was -0.12% during the pre-reform period. The total volume of export

increased from Rs. 631 Crores in the year 1960-61 to Rs. 27658 Crores in the year 1989-90 during the pre-reform period.

The volume of import during the pre-liberalization period was all time high from the volume of export. The highest annual growth of import recorded as 58.28% in the year 1973-74. In the year 1974-75 the annual import growth was 52.9%, year 1966-67 it was 47.56%. During the pre-reform period the negative annual growth rates of import also recorded. In the year 1968-69 the annual growth rate of import was -14.83%, year 1969-70 it was -9.08 and year 1961-62 was -9.04. So, total import volume has increased from Rs. 1106 crores in 1960-61to Rs.35328 crores in the year 1989-90.

The volume of total trade also increased during the pre-reform period. The total trade has increased from Rs. 1737 crores in the year 1960-61 to Rs. 62987 crores in the year 1989-90. The highest total trade annual growth was recorded 44.3% in the year 1966-67 and lowest recorded -5.79% in the year 1968-69.

TABLE-1

INDIA'S FOREIGN TRADE DURING PRE-LIBERALIZATION PERIOD

(Rs. in Crore)

Sl. No.	Year	Exports	Annual Growth%	Imports	Annual Growth%	Total Trade	Annual Growth%
1	1960-61	631		1106		1737	
2	1961-62	668	5.86	1006	-9.04	1674	-3.63
3	1962-63	681	1.95	1097	9.05	1778	6.21
4	1963-64	802	17.77	1245	13.49	2047	15.13
5	1964-65	801	-0.12	1421	14.14	2222	8.55
6	1965-66	783	-2.25	1350	-5.00	2133	-4.01
7	1966-67	1086	38.70	1992	47.56	3078	44.30
8	1967-68	1255	15.56	2043	2.56	3298	7.15
9	1968-69	1367	8.92	1740	-14.83	3107	-5.79
10	1969-70	1413	3.37	1582	-9.08	2995	-3.60
11	1970-71	1535	8.63	1634	3.29	3169	5.81
12	1971-72	1608	4.76	1825	11.69	3433	8.33
13	1972-73	1972	22.64	1867	2.30	3839	11.83
14	1973-74	2523	27.94	2955	58.28	5478	42.69
15	1974-75	3329	31.95	4519	52.93	7848	43.26

16	1975-76	4036	21.24	5265	16.51	9301	18.51
17	1976-77	5143	27.43	5074	-3.63	10217	9.85
18	1977-78	5408	5.15	6020	18.64	11428	11.85
19	1978-79	5726	5.88	6811	13.14	12537	9.70
20	1979-80	6418	12.09	9143	34.24	15561	24.12
21	1980-81	6711	4.56	12549	37.25	19260	23.77
22	1981-82	7806	16.32	13608	8.43	21414	11.18
23	1982-83	8803	12.78	14293	5.03	23096	7.86
24	1983-84	9771	10.99	15832	10.77	25602	10.85
25	1984-85	11744	20.19	17134	8.23	28878	12.79
26	1985-86	10895	-7.23	19658	14.73	30552	5.80
27	1986-87	12452	14.30	20096	2.23	32548	6.53
28	1987-88	15674	25.87	22244	10.69	37917	16.50
29	1988-89	20232	29.08	28235	26.94	48467	27.82
30	1989-90	27658	36.71	35328	25.12	62987	29.96

Sources: World Bank & RBI Database with Author's calculation.

There are some studies on economic reforms highlighted that liberalization in India has brought positive impact on the growth of international trade of India. In the present study to know the long-run impact of economic reforms 30 years of Indian trade data from the economic reforms is included in the study. The economic reforms removed the barriers on the way of free foreign trade. Table-2 shows the volume of trend and growth of India's trade during the post liberalization period. The export growth during post-liberalization period is noticeable; the highest annual export growth was recorded as 35.27% in the year 1991-92. In the year 2010-11 the growth rate of export recorded 35.17%, year 1993-34 it was 29.9%. The negative growth of export also noticed in the years 2015-16, 2019-20 and 2014-15 where the annual growth was -9.49%, -3.52% and -0.45%. The total increase of

exports during the post-liberalization period was from Rs. 32558 crores in the year 1990-91 to Rs. 2226567crores in 2019-20.

The liberalization in India not only increased the growth of export but also it raised the growth of import too. The total volume of imports increased from Rs. 43193 crores in the year 1990-91 to Rs. 3307977 crores in the year 2019-20 during the post liberalization period. The highest annual growth of import is recorded 39.53% in the year 2004-05 and lowest recorded as -9.02% in the year 2015-16. In case of total trade growth during the post-liberalization period the highest trade growth recorded in the year 2011-12 as 34.85% and lowest growth recorded as -9.21% in the year 2015-16. Total trade volume increased from Rs. 75751 crores in the year 1990-91 to Rs. 5534544 crores in the year 2019-20 during the post-reforms period.

TABLE-2

INDIA'S FOREIGN TRADE DURING POST LIBERALISATION PERIOD

(Rs. in Crore)

Sl. No.	Year	Exports	Annual Growth%	Imports	Annual Growth%	Total Trade	Annual Growth%
1	1990-91	32558		43193		75751	
2	1991-92	44042	35.27	47851	10.78	91893	21.31
3	1992-93	53688	21.90	63375	32.44	117063	27.39
4	1993-94	69751	29.92	73101	15.35	142852	22.03
5	1994-95	82674	18.53	89971	23.08	172645	20.86
6	1995-96	106353	28.64	122678	36.35	229031	32.66
7	1996-97	118817	11.72	138920	13.24	257737	12.53
8	1997-98	130101	9.50	154176	10.98	284277	10.30
9	1998-99	139753	7.42	178332	15.67	318085	11.89
10	1999-00	159561	14.17	215237	20.69	374798	17.83
11	2000-01	203571	27.58	230873	7.26	434444	15.91
12	2001-02	209018	2.68	245200	6.21	454218	4.55
13	2002-03	255137	22.06	297206	21.21	552343	21.60
14	2003-04	293367	14.98	359108	20.83	652475	18.13
15	2004-05	375340	27.94	501065	39.53	876404	34.32
16	2005-06	456418	21.60	660409	31.80	1116827	27.43
17	2006-07	571779	25.28	840506	27.27	1412286	26.46
18	2007-08	655864	14.71	1012312	20.44	1668175	18.12
19	2008-09	840755	28.19	1374436	35.77	2215191	32.79
20	2009-10	845534	0.57	1363736	-0.78	2209269	-0.27
21	2010-11	1142922	35.17	1683467	23.45	2826389	27.93

22	2011-12	1465959	28.26	2345463	39.32	3811423	34.85
23	2012-13	1634318	11.48	2669162	13.80	4303480	12.91
24	2013-14	1905011	16.56	2715434	1.73	4620445	7.37
25	2014-15	1896445	-0.45	2737087	0.80	4633532	0.28
26	2015-16	1716384	-9.49	2490306	-9.02	4206690	-9.21
27	2016-17	1849434	7.75	2577675	3.51	4427109	5.24
28	2017-18	1956515	5.79	3001033	16.42	4957548	11.98
29	2018-19	2307726	17.95	3594675	19.78	5902401	19.06
30	2019-20	2226567	-3.52	3307977	-7.98	5534544	-6.23

Sources: World Bank & RBI Database with Author's calculation.

In the present study, in order to understand the growth pattern of India's foreign trade from a different dimension we estimated periodically Compound Annual Growth Rate (CAGR) and overall CAGR in percentage. Sometimes growth fluctuation of a year may show some misleading picture to the overall growth trend. So in order to understand the justified growth trend, we divided the entire period of the study (i.e. both pre-reforms and post-reforms) in a 5 yearly semi-periods and calculated CAGR in percentage on each semi-periods. In this way we got 6 semi-periods during pre-reforms and 6 semi-periods during post-reforms from entire study periods of 60 years as shown in following figures.

TABLE-3

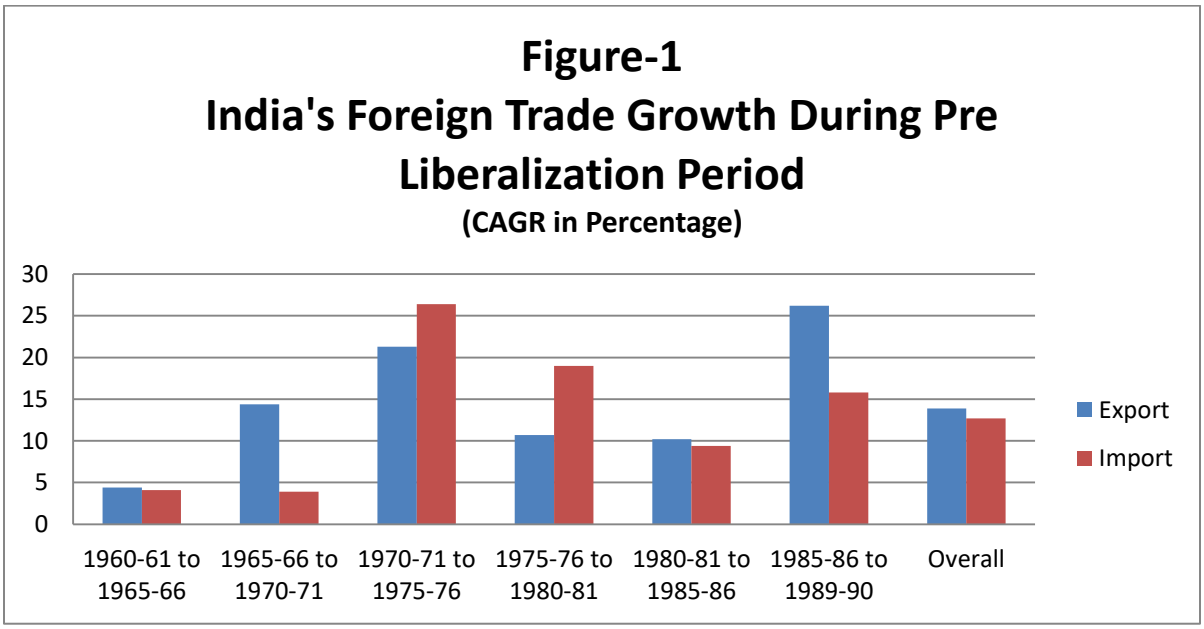
INDIA'S FOREIGN TRADE GROWTH DURING PRE LIBERALIZATION PERIOD

(CAGR in Percentage)

Sl. No.	Year	Export	Import	Total Trade
1	1960-61 to 1965-66	4.4	4.1	4.2
2	1965-66 to 1970-71	14.4	3.9	8.2
3	1970-71 to 1975-76	21.3	26.4	24
4	1975-76 to 1980-81	10.7	19	15.7
5	1980-81 to 1985-86	10.2	9.4	9.7
6	1985-86 to 1989-90	26.2	15.8	19.8
7	Overall	13.9	12.7	13.2

Sources: Calculated on the basis of data collected from World Bank & RBI Database

As shown on Table-3 and figure-1, the periodical CAGR of export was highest in semi-period 1985-86 to 1989-90 as CAGR recorded 26.2% and lowest CAGR was recorded 4.4% in semi-period 1960-61 to 1965-66. During the pre-reforms period the overall CAGR of export was recorded as 13.9%. In case of Overall CAGR of imports during pre-reforms period, it was 12.7%. The highest periodical CAGR of imports was recorded 26.4% in the semi-period 1970-01 to 1975-76 and lowest was recorded as 3.9% in the semi-period 1965-66 to 1970-71. The Table-3 shows overall CAGR of total foreign trade of India during pre-liberalization period was13.2%



Source: Author's Compilation on the basis of data collected from World Bank & RBI Database

TABLE-4

INDIA'S FOREIGN TRADE GROWTH DURING POST LIBERALIZATION PERIOD
(CAGR in Percentage)

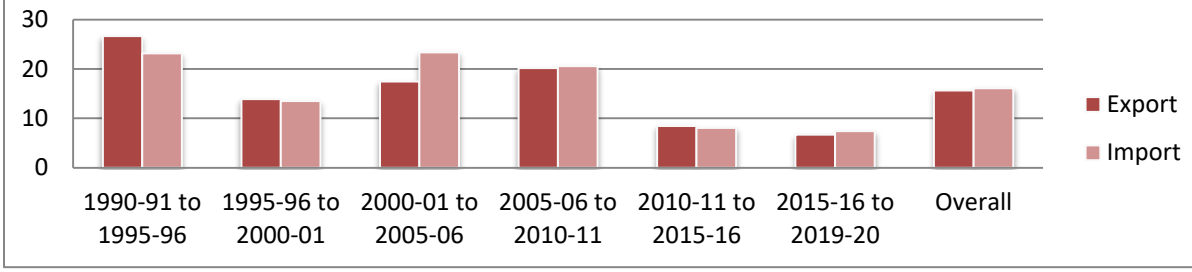
Sl. No.	Year	Export	Import	Total Trade
1	1990-91 to 1995-96	26.7	23.2	24.8
2	1995-96 to 2000-01	13.9	13.5	13.7
3	2000-01 to 2005-06	17.5	23.4	20.8
4	2005-06 to 2010-11	20.2	20.6	20.4
5	2010-11 to 2015-16	8.5	8.1	8.3
6	2015-16 to 2019-20	6.7	7.4	7.1
7	Overall	15.7	16.1	15.9

Sources: Calculated on the basis of data collected from World Bank & RBI Database

Table-4 and Figure-2 shows the periodical CAGR of the Indian foreign trade during the post liberalization period. Regarding the semi-periodical export growth, the highest export growth recorded as 26.7% during 1990-91 to 1995-96 and lowest CAGR recorded as 6.7% during 2015-16 to 2019-20. In case of semi-periodical import growth, the highest CAGR recorded as 23.4% during 2000-01 to 2005-06 and lowest record as 7.4% during the year 2015-16 to 2019-20. The last column of the Table-4 highlights the periodical CAGR% of the India's total foreign trade during post liberalization period. So the figure shows a sharp decline of CAGR% of total trade during the semi-period 2015-16 to 2019-20 but overall

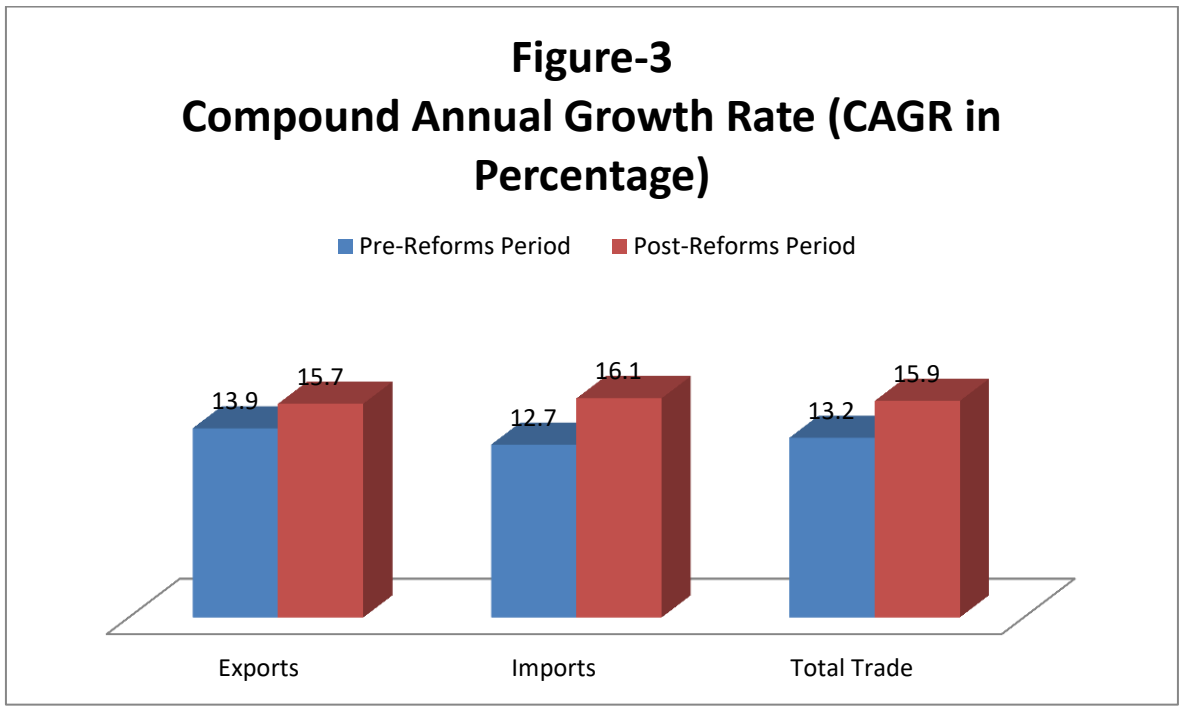
CAGR% of the total trade of entire post-liberalization period is quite impressive and higher than the CAGR% of pre-liberalization period.

Figure-2
India's Foreign Trade Growth During Post Liberalization Period
(CAGR in Percentage)



Source: Author's Compilation on the basis of data collected from World Bank & RBI Database

Figure-3
Compound Annual Growth Rate (CAGR in Percentage)



Source: Author's Compilation on the basis of data collected from World Bank & RBI Database

The Compound Annual Growth Rate (CAGR) is an effective tool which can show us the overall growth scenario of any variable. In the present study, we used CAGR% to find out overall growth of India's trade during pre and post liberalization period. Figure-3 shows the comparative picture of India's foreign trade between pre and post liberalization period. The Compound Annual Growth Rate (CAGR) of export during pre-reforms period was recorded as 13.9% whereas post-reforms CAGR are 15.7%. So, figures clearly indicate that there is visible improvement in the export growth during post-reforms era. Regarding the CAGR% of import, it was 12.7% during pre-reforms period and in post-reforms time it is 16.1%. So, the volume of import also increased much high during post-reforms period. The total foreign trade growth also increased from 13.2% to 15.9% during post-reforms periods. So, all the trade variables are displaying an upswing movement during post-reforms time. So, CAGR% figure confirms that, though the growth of export is accompanied with high growth of import still we can say that there is an improvement in the growth of India's trade during post-liberalization period. The liberalization of Indian economy has its impact on the growth of the India's foreign trade and it provides the answer that there is improvement of India's Export, Import & total volume of foreign trade during post-reforms period.

TABLE-5
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Exports of Pre-Reform Period	30	631.0	27658.4	5964.320	6500.4812
Imports of Pre-Reform Period	30	1006.0	35328.4	8622.367	9232.6164
Total Trade of Pre-Reform Period	30	1674.0	62986.8	14586.687	15676.3360
Exports of Post-Reform Period	30	32557.6	2307726.2	791512.085	785734.0770
Imports of Post-Reform Period	30	43192.9	3594674.6	1171131.986	1196991.7434
Total Trade of Post-Reform Period	30	75750.5	5902400.8	1962644.071	1981488.9847
Valid N (listwise)	30				

Sources: Calculated on the basis of data collected from World Bank & RBI Database

The Descriptive Statistics of the study shows that the minimum value of export is Rs. 631crores and maximum value is Rs. 27658.4 crores during pre-reforms period. The mean values of export are as 5964.32 & 791512.085 and Std. Deviations are 6500.48 & 785734.077 during pre and post reforms period. Regarding imports the mean values are 8622.367 & 1171131.986 and Std. Deviations are 9232.62 & 1196991.74 during pre and post liberalizations period. All the mean values of pre reforms periods are lower than the

mean values of post reforms periods. So, it confirms the improvement of India's foreign trade during post-reforms period.

To confirm the significance of the trade growth we calculated paired t test between pre and post liberalization period.

Table-6
Paired t test for India's Export

		Paired Differences			t	df	p-value
		Mean	**Std. Deviation**	**Std. Error Mean**			
Pair 1	Exports of Pre-Reform Period - Imports of Post-Reform Period	**-785547.77**	**779763.68**	**142364.7**	**-5.518**	**29**	**.000**

*p<0.01

Table-6 explains the paired t test result of India's export between pre and post liberalization period. The result of the t test shows probability value is 0.000 (i.e. p<0.01), which indicating that there is significant increase in the exports during the post liberalization period. The negative t-statistics indicating that pre liberalization export was lower than the post-liberalizations export.

The paired t test results of India's import between pre and post-liberalization period in table-7. Here again the p value 0.000 is less than the level of significance value p<0.01, indicating that there is significant increase of India's imports during post liberalizations period.

Table-7
Paired t test for India's Imports

		Paired Differences			t	df	p-value
		Mean	**Std. Deviation**	**Std. Error Mean**			
Pair 2	Imports of Pre-Reform Period - Imports of Post-Reform Period	**-1162509.6**	**1188174.65**	**216930.0**	**-5.359**	**29**	**.000**

*p<0.01

Table-8 highlights the paired t test value of India's total foreign trade between pre and post liberalization period. Here also the value of t statistics is negative and probability value 0.000 which is less than the level of significance value p<0.01indicating significant increase

in India's total foreign trade during post liberalization period and volume of pre reforms trade is lower than the post reform trade.
*p<0.01

Table-8
Paired t test for India's Total Foreign Trade

		Paired Differences			t	df	p-value
		Mean	Std. Deviation	Std. Error Mean			
Pair 3	Total Trade of Pre-Reform Period - Total Trade of Post-Reform Period	**-1948057.4**	**1966686.3**	**359066.1**	**-5.425**	**29**	**.000**

Here all the paired t test result regarding trade variables like exports, imports and total foreign trade are found statistically significant as p values are 0.000 which are less than the significance level p<0.01 indicating significant increase of export, import and total foreign trade during post-reforms period. Hence the null hypothesis is hereby rejected and alternative hypothesis is accepted. So, the results of the study here fulfill the objectives and we can say that liberalization in India made long-run positive impact on India's foreign trade.

8. Conclusion:

The present study has been conducted to investigate the long-run trend and growth of India's export, import and total foreign trade due to implementation of economic reforms of 1991. The study used 60 years long time series data, out of which 30 years data from pre-reforms periods and 30 years from post-reforms period. To know the growth performance India's foreign trade the annual growth rate and periodical compound annual growth rate (CAGR %) has been calculated. The study also estimated and compared the value of CAGR% for pre and post reforms export, import and total foreign trade to see the differences of growth between pre and post reforms periods. To know whether there is any significant improvement in the value of India's trade during post reforms period, the study also conducted the paired t test for export, import and total foreign trade between pre and post reforms periods. The study confirms that there is improvement in the growth performances of India's trade during post liberalization period compare to pre-liberalization period. High export growth has been detected along with high import growth during post-reforms era. The paired t test result approves that there is significant improvement of India's trade regarding export, import and total foreign trade after economic reforms of 1991.So, the null hypothesis has been rejected and the study concludes that economic-reforms of 1991 has its long-run significant positive impact on India's foreign trade.

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