Export & Import Trade of Chemical Industries

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The Indian economy has gained considerable momentum over the last one decade, by achieving and sustaining an annual GDP growth rate of over 7 percent. This high growth rate can be in part attributed to the growing contribution of the export sector to the economy. The Second World War severely impacted the economic stability of many countries, however, India's economic performance remained less affected as its GDP continued to grow at 3.5 percent per annum while the per capita income averaged at 1.3 percent per annum, a phenomenon better known as the "Hindu rate of Economic growth" and this growth rate persisted till 1979-80 (Virmani 2004). 3 India's international trade policy following her independence in 1947 focused on being self-sufficient, which also implied minimal reliance on international trade as a source of income. An alarming large number of people were living in abject poverty and the central government sought to improve the well-being of people by adopting the strategy of 'import-substituting' industrialization. To implement this, the government developed a complex, extensive and often costly system of price controls and quantitative restrictions. It was during the eighties that the government undertook expansionary fiscal and monetary policies. The growth surged at an average annual rate of 5.8 percent; well above the Hindu rate of growth. But this rapid expansion was supported by a large current account deficit. A mounting deficit, coupled with high inflation (at 13.5 percent) and the Gulf war led India to a balance of payment crisis in 1991.