



A STUDY ON SUPPLY CHAIN MANAGEMENT

*J.M.JAGADEESHAIAH

Abstract

The Indian economy has gained considerable momentum over the last decade by achieving and sustaining an annual GDP growth rate of over 7 per cent. In order to carry out this study, researcher collected data from the secondary source such as RBI websites, Newspaper, Financial Magazines and Research Articles. This study found that one of the most important trends in the world economy in recent decades has been the gradual destruction of the technological superiority of the industrial nations in general, and of the India in particular. To this 'closing of the gap' may be attributed the decline of some traditional industries in the advanced countries; the increasing relative importance of high-technology products in the advanced countries. Through this study it is also found that Technology in foreign trade, Logistics Management services in foreign trade, Digital Marketing services in foreign trade are the recipient trend which positively influenced on Balance of trade.

Keywords: Balance of trade, Technology, Logistics Management, Goods and Services.

1. INTRODUCTION

Indian economy and foreign trade are on a growth trajectory. Indian exports have come a long way in value terms from the time of gaining independence in 1947. Trends of global trade and policies have great influence on international trade, economic activity and growth. At the initial stage of reforms, expectation was created that such imbalances in trade would be temporary. With the inflation eradicated, consumption growth levelling off and domestic productivity enhanced through privatization and deregulation, trade deficit would tend to be gradually reversed. The aim of trade policies is to stimulate domestic output, protection to domestic industries, consumer protection and promotion of export etc. India needs various economic policies to enhance the balance of trade and boosts the economics activity and development which includes tariff structure, exchange rates, and import control, export taxation, foreign exchange allocation system. In the era of globalization, global

macroeconomic crises and the changes in the international trade pattern have accentuated the need for clearer understanding of the factors underlying a country's balance of trade position. In this onset, the primary objective of this paper is to examine the role of various determinants like real effective exchange rate, domestic consumption, FDI and foreign income on balance of trade in determining short-and-long-run trade balance behaviour for India. More precisely, the aim is to examine whether the trade balance is affected by exchange rates, FDI and household consumption and foreign incomes etc.

2. TRADE BALANCE OF INDIA 2016 **The increased focus on self-reliance has led to the adoption of certain measures to promote the growth of the domestic industry against imports. These include:**

- The use of trade remedy measures against unfair trade practices.
- The implementation of mandatory standards set by the Bureau of Indian Standards.
- Restrictions on public procurement in favour of local suppliers.
- Import licensing requirements for a large number of products, including tyres and pulses.

In addition, heightened political tensions with China have had an impact on supply chains, with the government banning certain Chinese apps, introducing restrictions on public procurement from China, and pursuing trade remedial action against Chinese producers.

Indian export incentives, which faced a major hit in 2016 following the WTO dispute in India – Export Related Measures (DS541), are also expected to be reformed in the upcoming Foreign Trade Policy (FTP), which is released every five years. The current FTP for 2015-2016 has however been further extended until 30 September 2016. It is expected that the new FTP to be released in September 2016 will work to address infrastructure bottlenecks, increase simplification of taxation procedures, along with elaborating on WTO compliant incentive schemes. To this end, the government has already announced the Remission of Duties or Taxes on Export Products (RoDTEP) scheme, effective 1 January 2016, the rates for which are due to be announced in the end of May 2016. Further details are likely to be elaborated in the new FTP.

India has also been implementing measures to attract foreign direct investment (FDI). There has been consistent growth in FDI, with India attracting total FDI of USD67.54 billion during April-December 2016. The COVID-19 pandemic has forced multinational companies to re-examine their supply chains and de-risk them by reducing their dependence on specific countries. The Government of India seeks to use this as an opportunity to attract investments in its manufacturing sector. In the aftermath of the border disputes between India and China in 2016, India amended its FDI Policy and any investment from a country with which India shares a land border now requires Government approval. It is expected that efforts to attract investment and bolster manufacturing in India will continue in the coming years.

3. IMPACT OF CHANGING TRADE PARADIGMS ON BALANCE OF TRADE

6.1 Application of Technology in foreign trade

The point of increased usage of technology is to make life easier. When it comes to trading and trade financing, technology has made the demand for supplies more urgent. As discussed, companies and the end clients are expecting quick delivery. However, if trade and trade financing are not digitized, the industry cannot keep up with demand. As a result, companies that refuse to upgrade to a digitized system will meet greater resistance in the marketplace.

Digitizing, while it may appear to be an expensive proposition, will save trade companies and their finance companies billions of dollars. Items can easily be inventoried, shipped, and even financed with a few clicks of a mouse or push of a few buttons. Records are then stored in a central location, as opposed to many different facilities. Therefore, they can be easily retrieved.

6.2 Application Logistics Management services in foreign trade

The continuous growth in world trade depends on the efficiency of trade support structures such as the logistics services. Despite logistics integral role in supporting commercial activities, there has generally been a low level of analysis and trade policy research focus from trade practitioners.

6.3 Application of Digital Marketing services in foreign trade

Digital marketing has made the world a small place for the business community around the world, this draws from the availability of internet around the world. **Customers can always keep in touch** and see what companies are updating about their services and products every other time. Nowadays, companies in the Americas or Europe can effectively advertise their services and goods to potential clients/customers in Africa or Asia. Doing business has never been easier, digital marketing has made it easier to reach out to new markets, this promotes international trade by opening new markets that never existed.

3.2 Increased National and per capital Income

If a country's income level (national income) increases by a higher percentage than those of other countries, its current account is expected to decrease, other things being equal. As the real income level (adjusted for inflation) rises, so does consumption of goods. A percentage of that increase in consumption will most likely reflect an increased demand for foreign goods.

4. CONCLUSION

One of the most important trends in the world economy in recent decades has been the gradual destruction of the technological superiority of the industrial nations in general, and of the India in particular. To this 'closing of the gap' may be attributed the decline of some traditional industries in the advanced countries; the increasing relative importance of high-technology products in the

advanced countries' exports; and the secular decline in India relative wages and the India real exchange rate. These effects on trade of technology and technological change are at the heart of the debate on international economic policy. Furthermore, there is widespread agreement on certain ways of looking at this issue — such as the common image of a 'ladder' of countries whose exports can be ranked on a 'scale' of goods — which suggest an implicit model shared by many observers. Yet this model has not been formalised. To a remarkable extent the treatment of technology in formal trade theory has failed to connect with policy concerns.

5. REFERENCES

1. Ahluwalia, M. S. (2002). Economic reforms in India since 1991: has gradualism worked? *Journal of Economic Perspectives*, 16 (3) 2002, 67-88.
2. Ananthkrishnan, P and Jain-Chandra, S. (2005). The impact on India of trade liberalization on the textiles and clothing sector. IMF Working Paper, WP/05/214.
3. Bhatt,R.K. (2011). Recent Global Meltdown and its Impact on Indian Economy. IPEDR Vol.7.
4. Gupta,P., Hasan,R., Kumar,U. (2008). What Constrains Indian Manufacturing? Asian Development Bank, ERD Working Paper Series, No. 119.
5. Kalirajan,K. and Singh, K. (2007). A comparative Analysis of Recent Export Performances of China and India. *Asian Economic papers*, Vol. 7, No.1, 1-28.
6. Kumar, R. and Sengupta,A. (2008). Towards A Competitive Manufacturing Sector. ICRIER Working Paper No. 203.
7. Pradhan, J.P., Das,K. and Paul,M. (2011). Export-Orientation of Foreign Manufacturing Affiliates in India: Factors, Tendencies and Implications. *Eurasian Journal of Business and Economics*, 4 (7), 99-127.
8. Sharma,K. (2003). Factors determining India's export performance. *Journal of Asian Economics*,

