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EXPORT POTENTIAL IN ELECTRICAL INDUSTRY: REVIEW OF LITERATURE

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ABSTRACT

We can observe significant growth in electrical and electronics industry in last few decades. In India many industries involved in electrical business become exporters. The market need, changing international exporting dynamics in electrical and electronics industry, government policies, easy of doing business and multinational nature of companies, tie-ups, collaborations lead to considerable export growth. The researcher intends to study exporters and export potential in electrical industries domain.

In this paper, researchers are presenting review of literature with respect to experiences of exporting worldwide and given special importance to electrical industries.

Keywords: Export, Electrical Industry, Potential Exporters, India

1. Introduction

To have a better insight in the area of competitiveness of Electrical & Electronics industry, export of electrical and electronics goods, international export, Indian export, industrial satisfaction, industrial growth, special economic zones, motivation factors for export, worldwide status of export in general and export potential in electrical & electronics industry industries in Maharashtra in particular, the review of literature was initiated. A lot of treasure of literature is available, out of which selected significant materials have been incorporated in this paper. The review of literature proved very helpful in developing theoretical base and preparing questionnaires for the research work.

2. The Review Study of Literature

Martin Neil Baily, in his policy brief '**Adjusting to China: A Challenge to the U.S. Manufacturing Sector**' concludes that - Expanding manufactured exports is a key to our nation's global competitiveness and reduced trade deficits. Recovery in manufacturing will help employment and the revival of local economies. Competition from emerging economies, especially China, means that innovation in products and processes will be essential to maintaining U.S. leadership. While emerging economies are important markets for U.S. manufacturers, these exchanges should not become opportunities to misappropriate U.S. companies' intellectual property. U.S. policymakers must create a climate that fosters growth in manufacturing while protecting U.S. innovation and technology.

Businessmapsofindia.com in article '**Advantages of SEZ and Important Special Economic Zones in India**' states that - The main Advantages of SEZ Units in India can be summarized as promotion of industrialization and economic growth through sustainable development. The main policy statement of the first Special Economic Zone policy statement states that these SEZ units of India shall be offered tax rebates, fiscal incentives and lands at subsidized rates and these are the primary Advantages of SEZ Units in India. The implementation of the first drafted Special Economic Zone policy took place from the end of the year 2000. The first policy statement for the development of Special Economic Zones in India was drafted as a five year project, starting

from 1.11.2000 to 09.02.2006. Further, the first policy statement of the Indian Special Economic Zones was amended to accommodate and compliment the growth attained.

United Nations Conference on Trade and Development in report, ‘ **Key Statistics and Trends in International Trade 2014**’ states that - Although world trade quickly recovered swiftly from the effects of the global economic crisis, it has grown only modestly since 2011. From 2011 to 2013 world trade grew at a rate of about 2 per cent per year, notably below the growth rate of more than 5 per cent per year observed in the pre-crisis period. Between 2011 and 2013 world trade in merchandise goods increased by close to half a trillion US\$ to reach around US\$ 18.8 trillion in 2013.

Trade in services increased from approximately US\$ 4.3 to 4.7 trillion during the same period. The modest increase in the value of world trade is owing to a combination of sluggish import demand in many countries, alongside lower commodity prices. In practice, while most international trade flows are now generally larger than their pre-crisis levels of 2008, the increase in world trade since 2011 has been relatively limited and almost exclusively driven by increases in import demand from the East Asian region. As of 2013 developed countries still remain the main players in international trade accounting for about half of the value of world trade in goods and about two thirds of the value of trade in services. During the past few years developing countries have continued their integration into the world economy although at a typically slower pace and to a diverse extent. On the one hand, East Asian countries have continued to outperform many other developing countries in terms of export and import growth. On the other hand, recent years have witnessed a decline in international trade for a number of Latin American and especially Sub-Saharan African countries.

Gov.uk in article ‘**Doing business in India: India trade and export guide**’, highlights that, India has carried out a slow but steady program of economic openness since the early 1990s. After agrowth of 7.3% in 2014 the International Monetary Fund (<http://www.imf.org>) (IMF) estimates that India’s Gross Domestic Product (GDP) grew by about 7.3% in 2015. It forecasts growth of about 7.5% for 2016.

India has removed the majority of its trade barriers to improve the business environment. This includes reducing tariffs to an average of 13% in 2014/5 from an average of 71% in 1993removal

of quantitative restrictions on imports in 2001, opening up the economy to foreign businesses and allowing overseas investment in multiple sectors huge investment potential exists in sectors such as life sciences, manufacturing, energy and infrastructure.

India has the third largest biotech industry in the Asia Pacific region, expected to be a USD 100 billion industries by 2025 reduced the mandatory documents required for import and export to only 3 each one of the fastest growing telecom market in the world.

Billy Wong in article ‘**Economic and Trade Information on China**’ states that - Hong Kong is the largest source of overseas direct investment in the Chinese Mainland. By the end of 2015, among all the overseas funded projects approved in the Chinese Mainland, 44.7% were tied to Hong Kong interests. Cumulative utilized capital inflow from Hong Kong amounted to US\$832.3 billion, accounting for 50.8% of the national total. Hong Kong is also the leading destination for China’s FDI outflow. According to Chinese statistics, by 2014, the stock of FDI going to Hong Kong accumulated to US\$509.9 billion, or 57.8% of the total outflow of FDI.

Chinese Mainland is one of the leading sources of inward investment in Hong Kong. According Hong Kong statistics, the stock of Hong Kong's inward investment from the Chinese mainland amounted to US\$448 billion at market value or 30.1% of the total at the end of 2014. As of December 2015, 951 mainland companies were listed in Hong Kong, comprising Hshare, Redchip and private companies with total market capitalization of US\$1.97 trillion, or 62.1% of the market total.

Directorate of Economics and Statistics in survey, ‘**Economic Survey of Maharashtra 2014-15**’, writes that -Maharashtra occupies the western and central part of the country and has a long coast line stretching nearly 720 km along the Arabian Sea. The Sahyadri mountain ranges provide a physical backbone to the State on the west, while the Satpuda hills along the north and Bhamragad-Chiroli-Gaikhuri ranges on the east serve as its natural borders. The State is surrounded by Gujarat to the north west, Madhya Pradesh to the north, Chhattisgarh to the east, Andhra Pradesh to the southeast, Karnataka to the south and Goa to the south west.

The State enjoys tropical monsoon climate. The hot scorching summer from March onwards is followed by monsoon in early June. The rich green cover of the monsoon season persists during the mild winter that follows through an unpleasant October transition. The seasonal rains

from the western sea-clouds are very heavy and the rainfall is over 400 cm on the Sahyadrian crests. The Konkan on the windward side is endowed with heavy rainfall, declining northwards. East of the Sahyadri, the rainfall diminishes to a meager 70 cm in the western plateau districts, with Solapur and Ahmednagar lying in the heart of the dry zone. The rains slightly increase eastwards in the Marathwada and Vidarbha regions.

Maharashtra is the second largest state in India in terms of population and has geographical area about 3.08 lakh sq. km. It has a population of 11.24 crore (Census 2011) which is 9.3 per cent of the total population of India and is highly urbanized with 45.2 per cent people residing in urban areas.

The State has 36 districts which are divided into six revenue divisions viz. Konkan, Pune, Nasik, Aurangabad, Amravati and.

Mumbai, the capital of Maharashtra and the financial capital of India, houses the headquarters of most of the major corporate & financial institutions. India's main stock exchanges & capital market and commodity exchanges are located in Mumbai.

The Gross State Domestic Product (GSDP) at current prices for 2013-14 is estimated at 15,10,132 crore. Industry and Services sector both together contribute 88.7 per cent to the GSDP while the contribution of Agriculture & Allied Activities sector is 11.3 per cent.

Maharashtra is one of the highly industrialized states. It is a pioneer in Small Scale Industries and continues to attract industrial investments from both, domestic as well as foreign institutions. It is a major IT growth centre.

Kristof Geeraerts of Institute for European Environmental Policy in report, ‘**A case study on illegal e-waste export from the EU to China**’, states that, This report examines the case of illegal shipments of e-waste from the EU to China and the effectiveness of EU legislation to counter these shipments. Although the import of e-waste into China has been officially banned since 2000, it is estimated that around 8 million tons of e-waste are imported illegally into China every year. Despite empirical data suffering from high uncertainties, the scale of the e-waste trade, its environmental and health impacts, and its links to crime are difficult to contest. This case study reveals that many legal actors, such as companies, are involved in illegal e-waste shipments and that many actors involved walk on a thin line between legal and illegal. Profit plays a crucial role, but a series of

push, pull and facilitating factors gives a more sophisticated picture of the drivers and motivations behind this environmental crime. Loosely structured organized crime groups are often behind illegal trafficking of e-waste to China. Traditional mafia-like organized crime groups seem to be rather marginally involved, mostly as facilitators of the e-waste crime. Enforcement in the EU suffers from differences in implementation of relevant legislation among Member States. The EU legislative framework, which has been significantly amended in recent years, however is sufficiently coherent and does not show major gaps. The recent legislative amendments have the potential to improve inspection and enforcement on the ground, but it remains to be seen whether this will effectively occur. Given the complexity of the e-waste problem approaches beyond enforcement and inspections are needed. As part of its conclusions this report also presents a series of policy recommendations.

Fatimah Mohd. Arshad in article, ‘**Export Performance of Selected Electrical And Electronic Products**’ states that -The last two decades observed a structural shift in the Malaysian economy - from a primary commodity trading and import substitution - based economy to a highly diversified and export - led economy. The manufacturing and service sectors have become the major GDP contributors with each accounting 33% and 42% of the GDP respectively in 1995. The contribution of agriculture and forestry sectors declined from 29% in 1970 to about 13% during the said period. By 1995, the manufacturing sector accounted nearly 80% of the country’s export. The share of commodity sector (palm oil, cocoa, rubber, etc) has declined from 75% (1980) to 20%. Electrical and electronic machinery and appliances are the predominant component of manufactured exports - accounting about half of the export. Its share continued to increase where it reached two-thirds in 1995. The share of other manufactured products - like wood, rubber, chemical, petroleum, iron and steel has remained constant, although, in volume terms, they have registered increases.

3. CONCLUSION

The corporates have understood the importance of exporting and initiated for global partnerships, and technical associations. Understanding the market dynamics and manufacturing quality

product at low manufacturing cost has become key for the industries worldwide. As there are market limitations in India, many companies in electrical domain are opting to become exporter. The government is identifying, developing the export needs of companies and providing necessary backbone to industries. The exporting becoming common and there are no barriers as size of company etc. The global exporting consultants are supporting industries in exploring export potential worldwide.

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