

## Indo-Canadian Trade Relations in Post Reforms Era

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### Introduction

There are several similarities and differences between Canada and India. While most of them are well-known, we begin by highlighting some of the relevant ones. Both Canada and India are geographically large countries. In terms of area, Canada is the second largest country and India is the seventh largest country in the world, while India is the second most populous country in the world. Canada is one of the eight developed nations and one of the soundest economies with skilled work force in the world. India is just opposite. In terms of education, health care, environment, low crime and violence rate, clean environment, etc., Canada is considered as the best place to live in.

Since World War II, the impressive growth of the manufacturing, mining and services sector has transformed Canada from a largely rural economy into one primarily industrial and urban. The Indian economy, on the other hand, is still based on agriculture. Unlike India, Canada is an active foreign investor on the global front. In addition, it receives a high degree of foreign investment from all over the world.

In the emerging globalization, the economic factors and market forces play a dominant role and these forces may provide an important basis for strengthening the Indo-Canadian relations. From missed opportunity in the past, India-Canada economic relations have found new opportunities to grow. The process of wide-ranging economic reforms in India was initiated in the year 1991 and at the time it was christened as the New Economic Policy. The process got consolidated in the subsequent years and in fact, there are quite a few of its components which are still hanging fire because of continuing slanging match between its proponents and opponents. During the last decade there has been a major shift in economic policies in our country.

It is not only because several policy measures aimed at liberalization and globalization were initiated during this period, but the trends towards deregulation and 'opening up' of the economy were already set in the 1980's. The real difference between the current reform process and earlier measures is that the former challenges the very basis of planning and policy making which guided Indian economic development since independence. The Path of globalization and economic reforms introduced by India has led to a broadening of Indo-Canadian economic and commercial relations. India now offers significant opportunities for Canadian trade, investment and tourism.

The present study is based upon the secondary data collected from different published sources of Government Agencies such as Economic Survey, Government of India, Ministry of Finance, New Delhi, Handbook of Statistics on Indian Economy, Reserve Bank of India, Mumbai, official websites of Government of India and Canada.

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### Changing Scenario of Indo- Canadian Trade

After reforms, India's exports and imports have made cumulative progress both qualitatively and quantitatively. Though the size of foreign trade and its value, both have increased during post-independence era, this increase in foreign trade can't be said to be satisfactory because Indian Share in total foreign trade of world has remained remarkable. In view of the current wave of worldwide globalization, India has taken major initiatives to diversify its exports as also their destinations, Indian exports cover over 7500 commodities to about 190 countries while import from about 140 countries account for over 6000 commodities.

Export-Import relations between India and Canada have steadily increased over the years. India presents a good business opportunity for Canadian companies. Canada can leverage on the growth of infrastructure related sectors in India. In South Asia, India is the largest trading partner for Canada. India is capitalizing on its large numbers of well-educated people skilled in the English language to become major exporters of software services and software workers. Software services exports have led to creation of knowledge intensive jobs in India. Indian exports to Canada include readymade garments, textiles, cotton yarn, carpets, gems and jewellery and precious stones, organic chemicals, coffee, spices, light engineering goods, iron and steel articles, footwear and leather products. Jobs in Canada rely heavily on the export business. Canada has favourable trade policies for exports and export oriented production generates jobs. The jobs are many and the export businesses have a good web presence. For job seekers and young entrepreneurs this could be a good starting point. As already been pointed out that during 1950's and 60's Canada was amongst the three largest suppliers, but its share has declined considerably which special needs attention of policy makers.

**Table 1: India's Exports to Canada (Values in US \$ million)**

Year	India's Total Exports	Exports to Canada	Percent
1995-96	31794.9	305.4	0.96
1996-97	33469.7	353	1.05
1997-98	35006.4	433.2	1.24
1998-99	33218.7	473	1.42
1999-00	36822.4	578.3	1.57
2000-01	44560.3	656.5	1.47
2001-02	43826.7	584.8	1.33
2002-03	52719.4	698.3	1.32
2003-04	63842.6	763.2	1.20
2004-05	83535.9	866.8	1.04
2005-06	103090.5	1021.6	0.99
2006-07	126414.1	1110.4	0.88
2007-08	162904.2	1265.3	0.78
2008-09	185295.0	1358.2	0.73
2009-10	178662.2	1121.5	0.63
2010-11	251136.2	1347.6	0.54
2011-12	305963.9	2070.8	0.68
2012-13	300400.7	2036.9	0.68
2013-14	314415.7	2042.9	0.65

Source: Reserve bank of India, Mumbai

### Indian Exports to Canada

Table 1 shows India's total exports and exports to Canada. The table shows India's exports' are increasing. In 1995-96, the total India's exports were US \$ 31794.9 million which increased to US \$ 314415.7 million in the year 2013-14. But on the other hand the share of Export to Canada shows both increasing and decreasing trend. Out of total Exports, the percentage of Export to Canada in the year 1995-96 was 0.96 per cent, which increased to 1.57 per cent in the year 1999-2000. After this it shows decreasing trend and it decreased to 0.65per cent in the year 2013-14.

### India's Imports from Canada

Some major Imports from Canada include newsprint, wood pulp, asbestos, potash, peas, iron scrap, copper, minerals, and industrial chemicals. Overseas investment ceiling of US \$100 million has been removed, favouring Indian software companies to increase FDI in Canada. These Indian companies have expanded their operations in Canada by setting up software development centers and providing jobs. Table 2 explained India's Imports from Canada. The table reveals that India's total imports show an increasing trend. In 1995-96 India's total imports was US \$ 36675.3 million which increased to US \$ 450082.2 million in the year 2013-14. Out of this total Imports the share of Imports from Canada shows an uneven trend. In the year 1995-96 the percentage share of India's Imports from Canada was 1.04 per cent which decreased to 0.80 per cent in the year 1996-97.

**Table 2: India's Imports from Canada (Values in US \$ million)**

Year	India's Total Imports	Imports from Canada	Percent
1995-96	36675.3	381.2	1.04
1996-97	39132.4	313.4	0.80
1997-98	41484.5	420.9	1.01
1998-99	42388.7	385.6	0.91
1999-00	49670.7	380.5	0.77
2000-01	50536.5	397.1	0.79
2001-02	51413.3	529.4	1.03
2002-03	61412.1	566.3	0.92
2003-04	78149.1	725.9	0.93
2004-05	111517.4	775.7	0.70
2005-06	149165.7	919.9	0.62
2006-07	185735.2	1777.4	0.96
2007-08	251439.2	1972.2	0.78
2008-09	303696.3	2456.2	0.81
2009-10	288372.9	2098.1	0.73
2010-11	369769.1	2028.7	0.55
2011-12	489319.5	2926.2	0.6
2012-13	490736.6	2807.8	0.57
2013-14	450082.2	3269.7	0.73

*Source: Reserve Bank of India, Mumbai.*

Again it increased to 1.01 per cent in the year 1997-98. Then it decreased to 0.91 per cent in the year 1998-99. After this it shows increasing trend and it increased to 1.03 per cent in the year 2001-02. Then again with some fluctuation, it decreased to 0.73 per cent in the year 2013-14. It can be concluded that the share of India's Imports from Canada remained under 1 per cent.

**Bilateral Investment between India and Canada**

Table 3 reveals that in Indo-Canadian bilateral investment India's investment has shown increasing trend i.e. in 2005, in which the India's investment was C \$ 171 million which increase to C \$ 3776 million in 2013.

**Table 3: India-Canada Bilateral Direct Investment** (Value in million Canadian dollars)

Details	2005	2006	2007	2008	2009	2010	2011	2012	2013
India's Investment in Canada	171	211	1,988	6,514	6,217	4,364	3,730	3,814	3,776
Canada's Investment In India	319	677	506	667	520	676	655	641	613
<b>Total</b>	490	888	2494	7181	6737	5040	4385	4455	4389

Source: Statistics Canada.

But in case of Canada's investment it also shows fluctuating trend .i.e. increased from C \$ 319 million in 2005 to C \$ 677 million in 2006, then decrease to C \$ 520 million in 2009, and again increase to C \$ 667 million in year 2008, finally it accounted to C \$ 613 million in 2013.. The total indo-Canadian bilateral investment shows increasing trend from C\$ 490 million in 2005 to C \$ 4389 in 2013.

**Conclusion**

From the above discussion it Import-Export relation between India and Canada has steadily increased over the years. India s exports have shown an increasing trend since 1995-96. In 1995-96 the total exports of India was US \$ 31794.9 million which increased to US \$ 314416 million in the year 2013-14.Out of total exports the percentage of exports to Canada in the year 1995-96 was 0.96. After this it showed decreasing trend and it decreased to 0.65 per cent in the year 2013-14. India's total imports showed an increasing trend, in 1995-96 India's total imports were US \$ 36675.3 million, which increased to US \$ 450082 million in the year 2013-14. Out of this total Imports the share of Imports from Canada has shown an uneven trend. Indo-Canadian bilateral investment India's investment shows increasing trend form year 2005 to 2013. But, in case of Canada's investment has shown fluctuating trend. The global recession in the world economy could be cited as one of the major reasons behind the fluctuations.

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