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PROJECT EXPORTS: AN INSTRUMENT FOR FAVOURABLE BALANCE OF PAYMENT

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ABSTRACT

This paper attempts to focus on role of project exports in equilibrium of country's favourable BOP. A balance of payment is an essential element in indicating economic and financial details of a country. BOP statement also an indicator and determines whether the currency of a country is appreciating or depreciating for a given period of time. If country has a favourable BOP that indicates a nation enjoys surplus trade balance and vice-versa. One of the measures to correct disequilibrium in BOP is to export promotion of project exports.

KEY WORD: Foreign Trade, Project Export, Balance of Payment

INTRODUCTION

The Balance of payments of a country, is a systematic record of all and financial transactions with world in a given year. Bop Statistical record of a character and dimension of the country's economic relationships with rest of the world.

IMPORTANCE OF BALANCE OF PAYMENT

The Bop plays important role to indicate a Country's economy status. If a country has a favorable Bop it indicates the currency and foreign trade of a country is appreciating and enjoys Surplus Bop. If a country has a unfavorable Bop that indicates country is facing a deficit Bop.

The favorable Bop helps to formulate appropriate policies to divert the Surplus Bop to the critical sectors of the economy that can drive future growth.

Table: 1 India's Balance of Payment: 2012-13 To 2021-22

Year	India's Imports Rs in Crore	Exports Rs in Crore	Trade Balance Share Rs in Crore
2012-13	27,32,146	16,67,690	-10,64,456
2013-14	28,15,918	19,31,074	-8,84,845
2014-15	28,20,072	19,34,210	-8,85,862
2015-16	25,92,820	17,43,289	-8,49,531
2016-17	26,33,395	18,78,943	-7,54,452
2017-18	30,23,163	19,91,436	-10,31,727
2018-19	36,19,072	23,58,211	-12,60,861
2019-20	33,85,822	22,70,919	-11,14,902
2020-21	29,46,318	21,93,253	-7,53,065
2021-22	46,13,049	31,99,115	-14,13,934

Source : *Economic survey of India: 2022-23*
Annual reports of Exim bank: 2012-13 to 2021-23

The above table indicates the balance of payment position for the period of 10 years covering entire 2012-13 to 2021-22. For 10 years period the Balance of payment- shows unfavorable condition the reason its trade balance are the difference between Exports and Imports of visible goods. The export demand for Indians goods and services Considerable declined and more demand for import resulting in Structural de unfavorable Balance of payments.

Role of project Exports in Correction of unfavorable Balance of payment

Export promotion is considered as one of Key methods to correct unfavorable Balance of payment. Promotion of project exports it's one such sector of opportunities for India, project exports consist of Turnkey projects. Construction projects, Technical and Consultancy service and multilateral Agency Funded Projects Overseas (MFPO) Turnkey projects are those which involve Supply of equipment along with related services like design, detailed engineering, civil construction, erection and commissioning of plant. Typical projects include supply, erection and commissioning of boilers or plants for manufacture of cement, sugar; textiles, chemicals etc., Construction projects Involves civil works, Steel Structural works, as well as associated Supply of construction materials and equipments while the element of equipment is smaller in Construction projects as

compared to turnkey Projects, the line of demarcation could be very thin. Typical projects include civil works for roads, railway lines, airports, irrigation 4 canals and dams, buildings etc., Technical and Consultancy service contracts involving provision of personnel, furnishing technical know-how, Skill's provision operation and Maintenance services and management contracts are covered under the projects.

Multilateral Development Bank (MDB) funded projects represent- Significant part of the total exports undertaken across the globe. These projects are a Source of business opportunities, as they require substantial goods, equipment, Civil Works and consulting services across a wide spectrum of Sectors. The projects exporters to capitalize on their competitive advantage and Show case their domain expertise.

Table: 2 Share of Project Exports in India's Export: 2012-2022

Year	India's Export Rs in Crore	Project Export Rs in Crore	Share in %
2012-13	16,67,690	24,255	1.45
2013-14	19,31,074	34,131	1.76%
2014-15	19,34,210	49,781	2.57%
2015-16	17,43,289	22,551	1.29%
2016-17	18,78,943	26,961	1.43%
2017-18	19,91,436	7,908	0.39%
2018-19	23,58,211	3,493	0.14%
2019-20	22,70,919	19,477	%0.85
2020-21	21,93,253	28,789	1.31%
2021-22	31,99,115	33,102	1.03%

Source : *Economic survey of India: 2022-23*
Annual reports of Exim bank: 2012-13 to 2021-23

As indicated in the above table relating to Share of project export in the India's for last 10 years period total export that accounting for 2.57 percent during 2014-15 and for remaining nine years accounting for between from 0.14 per cent to 1:76. Below 2 per cent per cent, the key reason for low bid. Conversion ratio could be absence of regional experience and thus low probability of success in the region. Further competitive finance is one of the key factors in success of project exports. The tougher financing environment translates into reduced opportunities for project exports, as also stalling of projects under implementation.

OBJECTIVES OF THE STUDY

1. To Study Project Exports of India
2. To Evaluate the linkage between BOP and Project Exports

RESEARCH METHODOLOGY

This research papers throws light on BOP and Project exports in India and the significance of BOP and Project exports. The researcher collected the required data and information from official website of, union government and annual reports from various government and semi government bodies. Export promotional Institutional publications as tool to analysis various schemes. Secondary survey methods were used in addition to books, journals, occasional papers, special edition publications, reports and articles have been reviewed thoroughly to meet the set objectives of the paper.

CONCLUSION

Export promotion is measures one of the Key to correct disequilibrium of Balance of payment. Particularly project is one such sector of opportunities for India. Strengthening of capabilities in project exports will also be crucial from the point of view of positioning the Balance of positioning do for the Indian economy higher on the exports value chain.

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