

A Study on Performance Evaluation of Imports and Exports on Economic Growth in India

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Abstract - This paper explores the performance of imports and exports economic growth in India. Exports refer to the selling goods and services produced in the home country. Exports have played an gradually more essential role in India's economic growth. It is widely believed that export and import is crucial in providing the drive for economic growth in developing countries and imports provide the imports provide the important worthy link between trade and group. Finally this paper analysis the performance evaluation of India's imports and exports in India. The present study is based on only secondary data is collected from hand book of statistics of Indian economy, RBI, EXIM reports and world bank indicators.

Key Words: Import, Exports via ports and Indian economic growth

1.INTRODUCTION (Size 11, Times New roman)

Economic growth is one of the most important in contest in the world. As a growing country, India has concerted on its export and import business with the aspirations to fetch in globalization and new economic opportunities for the nation. Export and import of every country is considered to be a major backbone for the growth of its economy. Indian economic growth is mostly important in it's consisted of imports and exports. „Imports“- The word basically means to import products or raw materials means to buy them from another country for use in own country. Exports“ – The word basically means to ship the goods and services out of a country. In international trade, exports refer to selling goods and services in the home country to the overseas markets. The export growth is significant because of its effect on domestic trade a economic steadiness. Even more, the rate of economic development and the allocation of income and wealth in a nation are closely interrelated to export improvement, increase of an wealth is straight associated to exports.

2. REASEARCH METHODOLOGY

This research is an analytical in nature. The present study is based on only secondary data is collected from various journals, books, and hand book of statistics of Indian economy, RBI, EXIM reports and world bank indicators. Researcher has been selected eighteen years in India. The period of the study is from 2000 to 2017.

3.ABOUT IMPORT AND EXPORT

Import:

The term trade in is resulting from the theoretical meaning as to carry in the merchandise into the harbor of a nation. The purchaser of such goods and services is referred to an importer.

Types of Import:

There are the following two basic types of imports of a country.

- Industrial and consumer goods.
- Intermediate goods and services.

Advantages of Import:

- Reduce dependence on existing markets.
- Exploit international trade technology.
- Extend sales potential of existing products.
- Maintain cost competitiveness in business.

Disadvantages of Import:

- Importation of items from other countries can increase the risk of getting them which is no more common in the warm weather.
- It leads to excessive competition
- It also increase risks of other diseases from which the country is exporting the goods.

Export:

The term export is derived from the conceptual meaning as to ship the goods and services out of the port of the country. The seller of such goods and services is referred to as an export.

Types of Export:

- Physical export: if the goods physically go out of the country.
- Deemed export: if the goods and services are supplied to another country.

Advantages of Export:

- Exporting is one way of the increasing your sales potential.
- Increasing sales and profits.
- Reducing risk and balancing growth.
- Sell excess production capacity.
- Gain new knowledge and experience.

Disadvantages of Export:

- Extra costs.
- Financial risks.
- Export licenses and documents.
- Market information.

4. IMPORTANCE OF EXPORTS

Why Export is Important to the Economy:

Exports plays an important role in every country's economy, influencing the level of economic growth, employment and the balance of payments. Lower transport costs, globalization, economies of scale and reduced tariff barriers have all helped exports become a bigger share of Indian national income.

Importance of exports can be better explained as follows:

Employment: growth in exports can create employment. For example, the growth in textile sector exports have created many jobs in the past, such as Garments in Tirupur. Traditionally export jobs have been in manufacturing industries – an important source of full time employment, especially in industrial regions. In recent years, exports have become more diversified with a greater industrial and service sector based exports.

Economic Growth: exports are a component of aggregate demand (AD). Rising exports also have a knock on effect to related services industries. For example, the success of commodities like leather goods will help the local economy to grow. Similarly a fall in exports, during the global economic downturn can have a big negative impact on Indian economy.

Current Account Deficit: the strength of exports has a large role in determining the current deficit, in the past few decades, India has had a persistent current account deficit, which many attribute to the Indian's relative poor export performance.

Balance of Trade:

- Balance of trade represents a difference in value for import and export for a country.
- A country deficit occurs when imports are large relative to exports.
- Imports are impacted principally by a country's income and its productive resources.

5. ANALYSIS AND INTERPRETATION

The relationship between import, export (also known as international trade) and economic growth has been a very popular subject showing interest of policy makers and academics. The reason is simple. The main goal of almost every nation is to increase GDP and improve the quality of life for their citizens. In India, which is a developing country international trade (import, export) is an important factor that affects GDP and economic growth.

Exports

Year	Exports (Current US\$ Trillion)
2000	5.347
2001	5.504
2002	6.017
2003	7.175
2004	8.342
2005	10.625
2006	12.825
2007	13.553
2008	16.346
2009	15.355
2010	18.812
2011	21.439
2012	22.597
2013	23.067
2014	23.607
2015	22.507
2016	24.003
2017	26.34
Mean	15.75
S.D	7.30
C.V	46.37
CAGR	0.10

Source: World Bank Indicators

Interpretation:

The above table indicates that the performance of exports in India during the study period from 2001 to 2017. The exports of Indian economy depict the increasing trend among the whole study period except the year 2009. The lowest value in the year 2000 (5.347) and highest value in the year 2017 (26.34). Exports not only contribute to a country's GDP but also provide employment to a large number of domestic resources. In India, there are many export industries which absorb a huge labour force of the country and have created around 14 million jobs directly or indirectly from 2004 to 2009. Exports have enabled India to earn foreign exchange which is imperative to finance growing imports of the country and since independence India has a huge amount of revenue through international trade. The mean value of exports is 15.75 and the Compound Annual Growth Rate is 0.10.

Imports

Year	Imports (Billion)
2000	80.489
2001	78.977
2002	82.839
2003	101.345
2004	139.722
2005	194.154
2006	239.531
2007	297.951
2008	400.437
2009	349.529
2010	464.622
2011	579.253
2012	612.065
2013	593.441
2014	591.134
2015	529.774
2016	514.859
2017	606.583
Mean	358.71
S.D	208.78
C.V	58.20
CAGR	0.13

Source: World Bank Indicators

The above table examined that the performance of imports of country during the study period from 2000 to 2017. Imports of Indian economy shows that there is fluctuating trend during the whole study period. The highest imports value is 606.583 (2017) and the lowest value is 80.489 (2000). This was because as India being a developing country constantly struggled for reconstruction and innovation of its economy and hence imports increased because of increasing requirements of capital goods, defence equipments, petroleum products and raw materials whereas the exports remained relatively slow owing to lack of exportable surplus, competition in the international market of developed countries. India's service trade have shown a remarkable performance since independence and export of services remained more than import of services. The mean value of Imports is 358.71 and the CAGR is 0.13.

GDP (Gross Domestic Product)

Year	GDP (Billion & Trillion)
2000	468.395
2001	485.441
2002	514.938
2003	607.699
2004	709.149
2005	820.382
2006	940.026
2007	1.217
2008	1.199
2009	1.342
2010	1.676
2011	1.823
2012	1.828
2013	1.857
2014	2.039
2015	2.104
2016	2.029
2017	2.653
Mean	253.66
S.D	915.44
C.V	360.90
CAGR	-0.26

Source: World Bank Indicators

The above table shows that the performance of economic growth of country during the study period from 2000 to 2017. Gross Domestic Product (GDP) depicts increasing trend from 2000 to 2006 with the value in Current US\$ Billion and remaining years has been also increased from 2007 to 2017 with values in current US\$ Trillion that there is fluctuating trend during the whole study period. Gross Domestic Product (GDP) is a vital catalyst for economic growth. GDP as one of the main indicators to track the health of a nation's economy. It represents the total dollar value of all goods and services produced over a specific time period within a country's borders. Investors can use GDP to make investments decisions – a bad economy means lower earning and lower stock prices. The table indicate that the mean value is 253.66 and C.V is 360.90 and CAGR is -0.26

6. CONCLUSIONS

Imports and Exports is often considered to be a main determinant of the production and employment growth of an economy. Based on various literature reviews and analysis shows that there is constant of import, exports and GDP on economic growth in India. Therefore, in India on one side where the economic growth surges by increasing export on the other side there is a positive trend of exports on economic growth. The study finally suggests that both growth as well as export promotion strategy is pursued consistently with an emphasis on sustainable and inclusive growth.

ACKNOWLEDGEMENT

The heading should be treated as a 3rd level heading and should not be assigned a number.

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