

PERFORMANCE OF FOREIGN TRADE GLOBALLY AND LOCALLY**MANU THOMAS**

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STUDIES,CHRIST (DEEMED TO BE UNIVERSITY),
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The study mainly investigates the performance analysis of foreign trade of India particularly export. Major objectives of the study are to analysis the trade performance of India in export county wise (1997-2019), sector wise (2010-2019), product wise (2010-2019). This analytical study draws a conclusion from the extracted data using descriptive statistics (Mean, Standard, skewness, kurtosis) and inferential statistics like regression analysis. Over the past 23 years export of India was highest for USA among the top 10 destinations. The product wise distribution was higher on the Gems and Jewellery while it is Pharmaceutical products in the product wise category. This study also concludes that there is a high influence of economic indicators on India's export in which Consumer Price Index remained to be the constant influential economic indicator.

1. Introduction

Foreign trade includes export, import and trade balance among different countries and territories. India has been in great trade with several countries like Bangladesh, Germany, Hong Kong, Japan, Saudi Arabia, Singapore, Switzerland, UAE, USA and so on. India uses to be one of the major suppliers of raw materials and agriculture to many industrial countries before colonialization. Since most of the manufactured goods was imported from the Britain remained the major export destination. In the early stages of developing

countries like India they had a high import rather than export. In order to balance the trade, there was a need to expand the exports so that it can finance the import. Later on, there was a significant growth in exports of India from the 1950s. Later on, India could expand its export to countries other than Britain to Japan, Africa, UAE, Singapore and so on where US remained as the largest exporting country to India. By 2005 India became the one among the fastest growing exporting countries. Agricultural and allied products like marine products, raw cotton, spices, coffee-tea, cashew, tobacco, oil meals comprised significant percentage share in export. Export of manufactured goods like gems and jewellery, drugs and pharmaceuticals, readymade garments, semi-finished iron and steel, leather footwears and so on rather than raw agricultural products made a remarkable shift in India's exports. Currently pharmaceuticals is the largest export sector of India. Even though India's export had a significant growth in the past decades it is much lower than compared to other south east Asian economies with similar trade pattern. Here the study is mainly focused on exports of India in a country wise, sector wise and product wise distribution.

2. Literature Review

Dr P Govindan's study talks about the growth of import and export along with the trade balance from the year 1949-50 to 2018-2017. Major importance and significances of the study are to understand the growth of international trade, the India's post economic reform stage and finally to interpret the multiplier effects of international trade. The main data collection shows the secondary data in which it is collected from various sources like Ministry of commerce and trade, Directorate General of commercial intelligence and statistics, monthly bulletin, India budget documents and so on. Some of the objectives of the study was to analysis the growth of import and export along with the trade balance from the year 1949 to 2018, analysis with the main commodities of the country and examine the top 10 exports by country and state. The statistical Analysis used in the process was done with the help of descriptive statistics and inferential statistics like correlation, regression, ANOVA and paired t test. Major findings and conclusions of the study was as follows, based on the destination in 2016 to 2018 USA showed up the first position in export and import followed by United Arabs and thirdly by China. The final conclusion was India successfully passed out from the commercial, legal and economic reforms. The study also showed a development in business environment for the international trade into India.

Nazaqust Husain's study is based on the overall performance of foreign trade in India. Basically, it depends upon the pre-liberalization and ends with the post liberalization period. Both the export and import trends are taken along with the India's foreign trade on the principal commodities, region wise trends and finally the

top ten destinations. Some of the objectives of the study contributes the analysis of trends in foreign trade of India from 1999 to 2000. Major objectives are to examine the economic growth of India and examine the commodity-wise trends of both export and import in India. The investigations are based on the secondary data from different sources like text books, research papers, articles, internet and several publications of Government of India. For the analysis he almost took 20 commodities for the examination along with India's best trading partners like European union, United states and united Arabs. During the liberalization India's foreign trade increased by the contribution of GDP which raising from 16% to 48% from the year 1990-2015. After the liberalization India witnessed a sudden surge in GDP growth as 6-7% annually. Thus, the study confirms Indian economy as the fastest growing economy.

Prof (Dr) Rashmi Guajarati's study tells us about the role of international trade globally and foreign trade effects on economic growth. She was able to understand the nation's trade along with the different theories on trade flows between nations and finally the major implications of international trade. The secondary data was collected from the International journal of innovative science, engineering and technologies. She points out the importance of transportation in the foreign trade by listing several countries with the help of bar chart and route map for the representation. The study also predicts the changes that would occur in foreign trade during the year 2050. It also talks about the major importance of trade liberalization of different developing countries.

Dr. Shuchi Gupta's study deals with the analysis of Indian Foreign trade in the present era. It includes the various parameters like changes in value, composition and direction of foreign trade. The secondary data is collected from the International Journal of Engineering and Management research for a time period from 1950 to 2017. Recent trends of import, export and total trades are examined along with the principal commodities of the country. It also depicts the sector wise growth rate of foreign trade.

Sachin N Mehta's study reveals the trend pattern of India's foreign trade during the pre and post economic policy for the time period 1971 to 2013. The secondary data is collected from HAND BOOK OF INDIA (RBI). The study includes both trend analysis and descriptive statistics where it applies the sample t test to find the effects on foreign trade in India. The annual data is used from the year 1970 to 2012. Major findings and conclusions made by him was as follows, the foreign trade increased in India during the pre and post economic policy. But highly surged after the introduction of New Economic Policy. The study also depicts that as compared to export, the growth rate showed more increase in import and finally the t test sample results in the positive effect in New Economic Policy.

3. Methodology

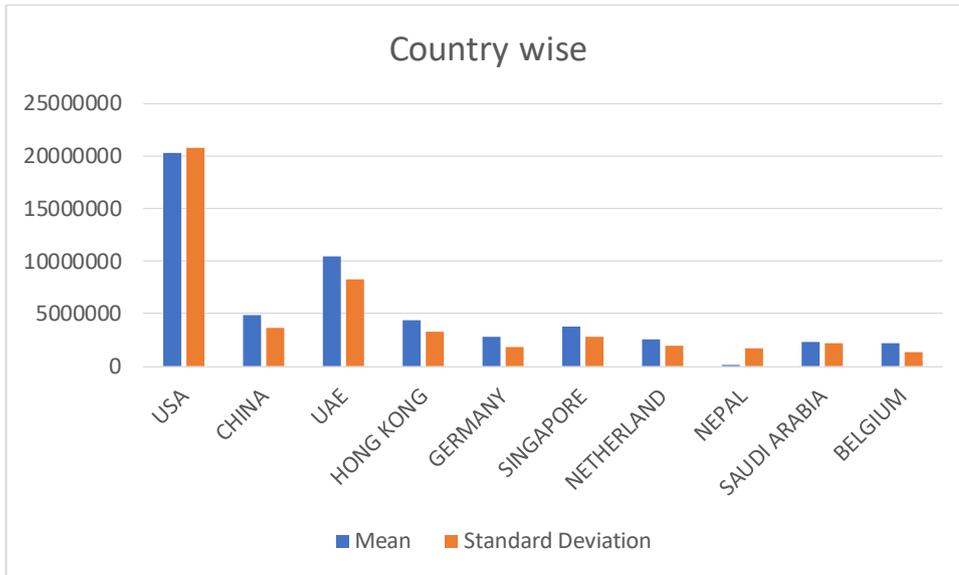
The research study collected the secondary sources of data from trading economics, world bank, internet sources, research articles, Directorate General of Foreign Trade, Government of India Ministry of Commerce. This study gives an explanatory investigation on foreign trade with the help of descriptive statistics and regression analysis. The descriptive statistics includes extraction of mean, standard deviation, skewness and kurtosis from the derived data. Regression analysis is used to find the significance of the data. This analysis is done with the help of excel, word and SPSS software.

4. RESULT AND DISCUSSION

Descriptive analysis:

4.1 Foreign trade performance (Country-wise):

Country	Number of observations	Mean	Standard Deviation	Skewness	Kurtosis
USA	23	20286741.31	20798013.67	1.800	3.425
CHINA	23	4821707.890	3715385.856	0.310	-0.959
UAE	23	10487328.13	8310895.361	0.062	-1.881
HONG KONG	23	4350993.901	3252528.864	0.405	-1.585
GERMANY	23	2846981.035	1864518.319	0.393	-1.307
SINGAPORE	23	3758249.874	2830089.428	0.149	-1.500
NETHERLAND	23	2562287.261	2009919.565	0.370	-1.210
NEPAL	23	147504.050	1695561.222	1.236	0.370
SAUDI ARABIA	23	2376239.804	2149336.630	0.956	0.060
BELGIUM	23	2183515.806	1400408.547	0.283	-1.462



As per the above table the study reveals that USA shows the highest average export whereas Nepal shows the lowest among the top 10 export countries of India. The secondary data is being collected for the time period of 1997-2019. Based on the descriptive analysis USA depicts a positive export variation and highest skewness in the distribution which is followed by Nepal. Thus, the study concludes that USA shows the highest foreign trade performance among the top 10 export countries of India.

4.2 Foreign trade performance (Sector-wise):

Sector	Number of Observation	Mean	Standard Deviation	Skewness	Kurtosis
PLANTATION	10	9464.2410	2037.87901	-1.117	0.952
AGRI & ALLIED PRODUCTS	10	154231.9770	47965.8970	-1.210	0.340
MARINE PRODUCTS	10	28768.3270	13949.4788	0.030	-1.411

ORES AND MINERALS	10	23582.7120	7162.4250	0.160	-1.067
LEATHER MANUFACTURES	10	30010.3500	8402.7642	-0.805	-1.147
GEMS & JEWELLERY	10	238495.3100	46004.1880	-1.315	1.859

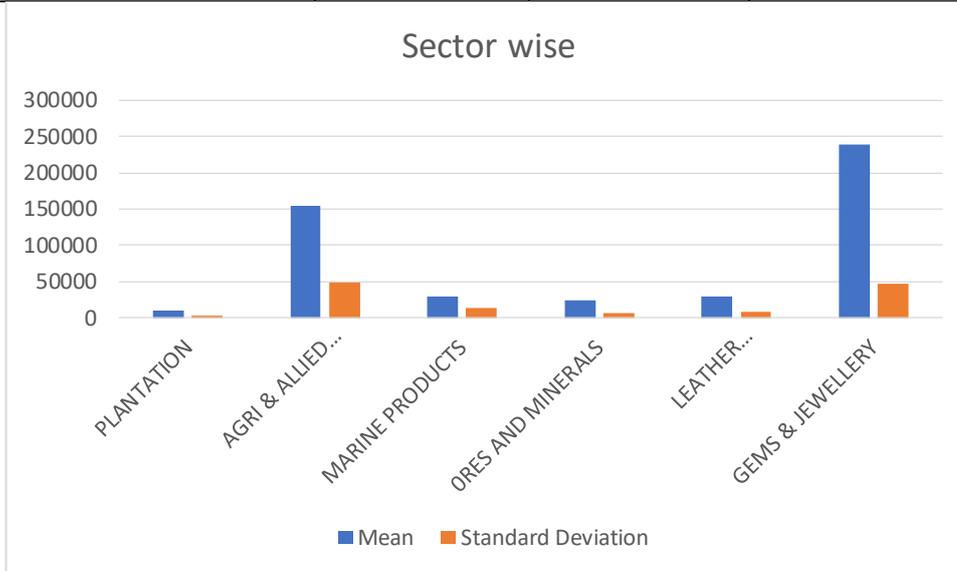


Table 4.2 explains about the major export sectors of India during the time period of 2010-2019. Among the several sectors the top 5 are plantation, agri and allied products, marine products, ores and minerals, leather manufactures and gems and jewellery. Among these sectors gems and jewellery becomes the highest export sector in India with a positive variationskewness in the distribution whereas the least contribution is made by the ores and minerals.

4.3 Foreign Trade Performance (Product-wise):

Product	Number of observations	Mean	Standard Deviation	Skewness	Kurtosis
COFFEE, TEA MATE AND SPICES	10	1814472.4510	420887.8771	-0.651	-0.105

COTTON	10	4648001.2640	781468.8326	-0.073	1.298
IRON AND STEEL	10	5258390.8960	1404179.4638	-0.069	-1.425
PHARMACEUTICAL PRODUCTS	10	7395393.5520	2667528.9068	-0.183	-0.585
TOBACCO	10	571909.1460	102795.4095	-1.011	-0.361

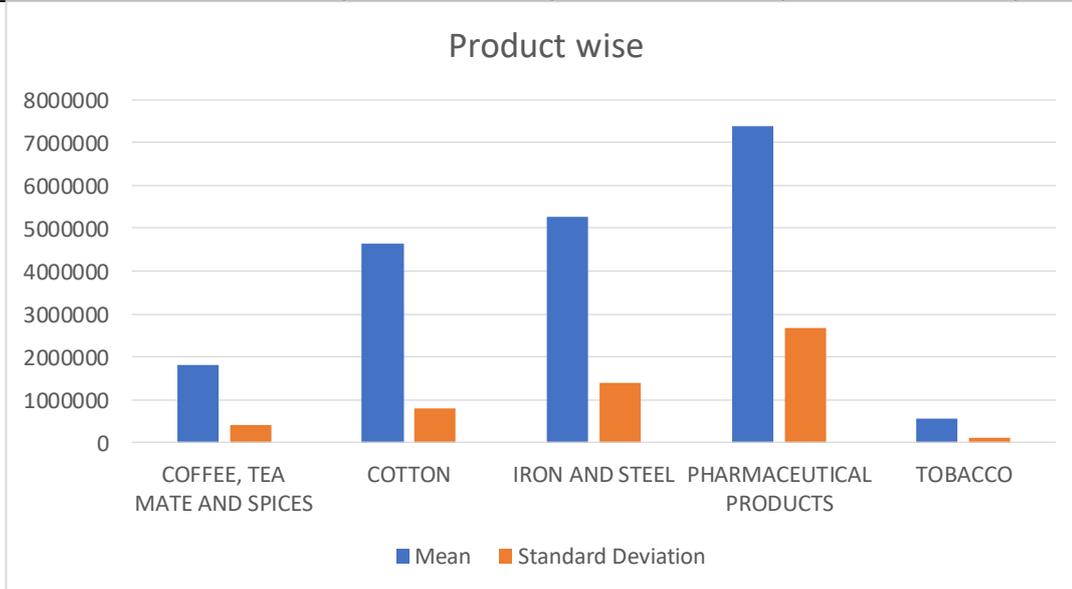


Table 4.3 shows the export trade performance of products for the year 2010 – 2019. Among these principal export commodities of India, pharmaceutical products come up with the highest average export with a positive distribution whereas tobacco comes as the least. The graph depicts peak distribution of cotton during the time period.

4.4 Influence of macro-economic indicators on foreign trade performance:

Regression Analysis:

In the regression analysis, any value equal to or above 0.05 shows a significant influence of economic indicators on the export. That is, $p \text{ value} \leq 0.05$

4.4.1 Country wise

Country	Significance Value					
	GDP%	Current Account Balance	Terms of Trade	Consumer Price Index	Exchange Rate	Lending Interest Rate
USA	0.747	0.186	0.003	0.002	0.057	0.001
CHINA	0.870	0.235	0.016	0.001	0.131	0.522
UAE	0.887	0.043	0.209	0.000	0.205	0.757
HONG KONG	0.518	0.723	0.351	0.000	0.319	0.624
GERMANY	0.084	0.391	0.028	0.000	0.041	0.307
SINGAPORE	0.398	0.045	0.021	0.001	0.192	0.485
NETHERLAND	0.462	0.001	0.011	0.010	0.971	0.689
NEPAL	0.487	0.443	0.317	0.011	0.781	0.767
SAUDI ARABIA	0.801	0.132	0.196	0.485	0.415	0.344
BELGIUM	0.178	0.548	0.080	0.000	0.049	0.220

The above table clearly shows that USA, Germany, Singapore and Netherland show significance of three economic indicators on export whereas China, Belgium and UAE show significance of two economic indicators on export. The study also reveals that consumer price index has a major influence on foreign trade performance. Even though nine among the ten countries shows influence of either of the selected economic indicators on their export, Saudi Arabia doesn't depict any significance of economic indicators.

4.4.2 Sector-wise:

Sector	Significance Value					
	GDP%	Current Account Balance	Terms of Trade	Consumer Price Index	Exchange Rate	Lending Interest Rate
PLANTATION	0.506	0.527	0.250	0.582	0.868	0.870
AGRI AND ALLIED PRODUCTS	0.694	0.959	0.319	0.979	0.675	0.828
MARINE PRODUCTS	0.843	0.614	0.768	0.724	0.950	0.916
ORES AND MINERALS	0.343	0.431	0.433	0.393	0.503	0.378
LEATHER MANUFACTURES	0.934	0.652	0.235	0.764	0.894	0.950
GEMS AND JEWELLERY	0.456	0.660	0.800	0.746	0.566	0.423

The table explains the analysis of export sectors with the economic indicators. This investigation explains that there is no significant influence of the above-mentioned economic indicators on the particular export sectors since the significance value is greater than the p value (≤ 0.05).

4.4.3 Product-wise:

	Significance Value					
	GDP%	Current Account	Terms of Trade	Consumer Price Index	Exchange Rate	Lending Interest

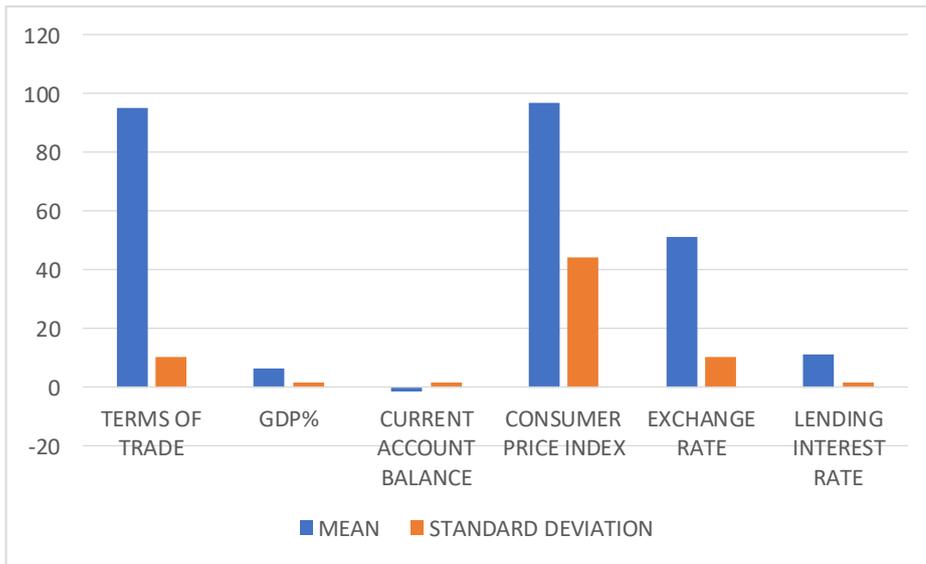
Product		Balance				Rate
COFFEE, TEA, MATE AND SPICES	0.268	0.216	0.818	0.082	0.254	0.602
COTTON	0.532	0.316	0.959	0.403	0.426	0.486
IRON AND STEEL	0.032	0.374	0.003	0.072	0.055	0.054
PHARMACEUTICAL PRODUCTS	0.167	0.152	0.163	0.039	0.122	0.123
TOBACCO	0.279	0.259	0.455	0.164	0.255	0.188

This statistical analysis reveals the influence of economic indicators on the major export products of India. Among the five products, Iron and steel has a significant influence of the economic indicators GDP%, terms of trade and lending interest rate while pharmaceutical products show influence of consumer price index. As per the study we can conclude that only the pharmaceutical products and, iron and steel have significant influence of few economic indicators on their export whereas the rest of the particular products does not have any influence by the given economic indicators.

4.4.4 Macroeconomic antecedents to foreign trade growth in India

INDICATORS	MEAN	STANDARD DEVIATION	SKEWNESS	KURTOSIS
TERMS OF TRADE	95.2193	10.44223	.225	.124
GDP%	6.4938	1.75021	-.520	-1.077
CURRENT ACCOUNT BALANCE	-1.3228	1.48531	-.352	.811
CONSUMER PRICE INDEX	97.0807	44.04456	.557	-1.192

EXCHANGE RATE	51.1596	10.09725	.729	-.845
LENDING INTEREST RATE	11.1651	1.50477	.151	-.883



The above table and graph reveal that among the 6 macroeconomic factors of foreign trade consumer price index and terms of trade have more effect on the foreign trade(export) of India. Moreover GDP% and current account balance doesn't have much impact on the export of India.

CORRELATION MATRIX

VARIABLE	TERMS OF TRADE	GDP%	CURRENT ACCOUNT BALANCE	CONSUMER PRICE INDEX	EXCHANGE RATE	LENDING INTEREST RATE
TERMS OF TRADE	1					

GDP%	0.130	1				
CURRENT ACCOUNT BALANCE	0.118	0.075	1			
CONSUMER PRICE INDEX	-0.158	0.135	-0.372	1		
EXCHANGE RATE	-0.075	0.125	-0.128	0.944	1	
LENDING INTEREST RATE	0.211	-0.372	0.302	-0.769	-0.726	1

The above table depicts the correlation between the independent variables of foreign trade. It shows that there is relatively low correlation ranging from 0.075 to 0.302 except for consumer price index (0.99).

REGRESSION ANALYSIS

VARIABLE	SIGNIFICANCE
GDP%	.211
CURRENTACCOUNT BALANCE	.333
CONSUMER PRICE INDEX	.228
EXCHANGE RATE	.167
LENDING INTEREST RATE	.256

In this regression analysis terms of trade are taken as dependent variable whereas other indicators are taken as independent variable. The analysis clearly shows that there is no significant influence of terms of trade on other economic variables as the significance is greater than the p value($p \leq 0.05$)

5. Implications of Study

- Overall USA shows the highest foreign trade performance among the top 10 export countries of India while Nepal stands as the least
- Among the sector wise foreign trade gems and jewellery becomes the major export sector and the ores and minerals are the least.
- In the product wise performance analysis pharmaceutical products shows a huge surge in the average export of India.
- It shows a significant influence of economic indicators on the export countries namely USA, Germany, Singapore and Netherland while there is no influence in any mentioned indicators on Saudi Arabia.
- As an economic indicator, Consumer Price Index shows a great influence on export countries. Thus, it can be considered for further study and analysis in detail.
- There is no significant influence of economic indicators on the selected economic sectors as per the study. Thus, this creates an open platform for further research and discussion so that the overall trade can be enhanced to a certain level.

6. Conclusion

This study analyses the export performance of India among different countries, sectors and products. This study concludes USA as the dominant factor of export among the top 10 countries. In sector wise it is Gems and jewelries and pharmaceutical in the product wise analysis. The study mainly concentrated on normal distribution of data. Further analysis of the data led to the conclusion that there is a significant influence of several economic indicators on the foreign trade among the selected countries and products while there was no significant influence of economic indicators on the particular export sectors.

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