

A COMPARATIVE STUDY OF THE GLOBAL ECONOMIC CRISIS ITS IMPACT ON INDIA'S EXPORTS

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Abstract:

This paper examines that the impact of current global economic crisis on India's export growth has picked up on post period in an Indian economy. In this study we have collected secondary data for oil sector from 1997 to 2017 to analysis foreign trade export and also split the data from 1997-2007 as pre economic crisis then data from 2008 to 2017 as post economic crisis. The time distance for this research is 20 years, where ten years pre the crisis and ten years post the crisis while 2007-2008 is calculated in different part. This analysis was from 1997-1998 to 2016-2017. The methodology for this research adopted is descriptive research design. Secondary data was collected and to estimate the data SPSS software was used using paired t-test analysis. Foreign trade of export both oil and non-oil total all of the data collected of the independent variable for pre-economic crisis and post- economic crisis is to determine the impact on Indian economy. The findings of this research are financial crisis significantly pre and post crisis period impacts comparison to the increasing rate of exports.

Key Word: Economic crisis, Foreign trade, Oil sector

Introduction

The economic crisis started in 2007 and limited to the US economy has created orderly problem throughout the global financial system following the fall down of a big investment bank. Hence, any decline the global economic activity is expected to have to have adverse impact on the domestic economy growth. Foreign trade is exchange of capital, goods, and services across international limits or territories. In the majority countries, it represents a significant allot of gross domestic product (GDP). At the same time as worldwide trade has been present the whole time much of history, its economic, social, and political significance has been on the rise in latest centuries.

Review of The Literature:

Srinivas.N, M.Muhammadilyas, Veenakumari.S(2013) in their identified the impact of financial crisis on India's external sector and growth Rate the immediate impact of the financial crisis on major world economies especially Indian economy in terms of selected economic indicators. The study examined the trends in export, import, foreign remittances, Earnings from business services, overall Balance of Payment position, GDP growth rates etc in the context of Indian economy against the background of global financial crisis and subsequent global recession. India is considered to be extremely vulnerable to a crisis like this because of its greater integration with the rest of the world. The study showed that there are some reasons to believe that the financial crisis affected Indian economy adversely by slowing foreign remittances, foreign investment, adverse BoP position etc. But, Indian economy has monetary authority showed the symptoms of rapid recovery from the sudden set back it had to undergo during 2008-09.

Veerangna Singh , Shikha Gupta , Sachin Verma(2016) their analysed short term and long term impact of crisis by using data from Oct. 2001 to March 2014. Long term analysis includes pre crisis period from Oct. 2001 to Dec. 2007 and post crisis period from Jan 2008 to March 2014. In short term analysis pre crisis period is from Jan 2006 to Dec. 2007 and post crisis period is from Jan 2008 to Dec. 2009. Test of significance, paired t test is used to know whether the difference between exports in pre crisis and post crisis periods is significant or not. In results it is found that the impact of global financial crisis on India's exports is negligible in short and long term. Volatility in exports is found more stable during post crisis period, in short term. Though, in long term volatility is high after crisis. It can be said that proactive measures taken by the government and RBI resist the impact of crisis on the export and also helped to enhance the export. Export volatility in short term is found to be less in the post crisis period than the volatility in the pre crisis period.

Global Economic Crisis and Its Impact On India's Exports

The global financial crisis of 2008-09 emerged in September-2008 with the breakdown in merger of more than a only some large United States based financial firms and spread with the insolvency of extra companies, governments in Europe, recession and declining stock market prices around the globe. However the financial crisis really started to show its effects in the middle of 2007. Around the world, stock markets have fallen, large financial institutions have collapsed or been brought out and governments in even the wealthiest nations have had to come up with save packages to bail out their financial system (Rajiv Kumar Bhatt 2011).

Significance of the Study

In 1991, the Indian Government introduced the economic reforms policy of the liberalization and globalization of Indian economy. subsequent to the establishment of economic reforms, India's foreign trade has started increasing. The trade policy of India has undergone different changes time to time and the main changes involved simplification of processes and techniques, elimination of quantitative limits and reduce in the tariff rates. On the additional exterior, after the liberalization and globalization the foreign trade has been playing a exceedingly essential role in increasing the GDP level of India. The foreign trade acts as an engine of growth of India's trade in terms of increase in Export and Import. Thus, it is necessary to appreciate the trend of the foreign trade since 1991.

Objectives of the Study:

1. To analyze the impact of economic crisis on India's foreign trade of export.
2. To analyze performance the impact of economic crisis on the India's foreign trade of export

Hypothesis of the Study

The following are the hypothesis(s) of the study:

H0: There was no significant increase in export performance of India pre the economic Crisis period.

H1: There was a significant increase in export performance of India post the economic Crisis period.

Research Methodology

Period of the study:

The current study examines the India's foreign trade export for a period of ten years pre economic crisis period (1997-1998 to 2006-2007) and ten years post economic crisis period (2007-2008 to 2016-2017).

Data Collection:

The study is primarily based on secondary sources of data. The data has been collected from source like issues of the Handbook of Indian Statistics.

Tools for data analysis:

In this study, tabular annual growth rate and graphical representation tools are used for the analysis of data. Using t-test (Paired samples for means), the pre-Crisis period and post- Crisis period foreign trade of export performance was tested.

Table :1 India's Foreign Trade of export during Pre-crisis Period from FY 1997-1998 to FY 2006-2007

Year	Export(Rupees billion)	Annual Growth Rate (%)
1997-1998	1301.01	
1998-1999	1397.53	7.41
1999-2000	1595.61	14.17
2000-2001	2035.71	27.58
2001-2002	2090.18	2.67
2002-2003	2551.37	22.06
2003-2004	2933.67	14.98
2004-2005	3753.4	27.94
2005-2006	4564.18	21.60
2006-2007	5717.79	25.27

Source: Handbook statistics on the Indian economy 2016-2017

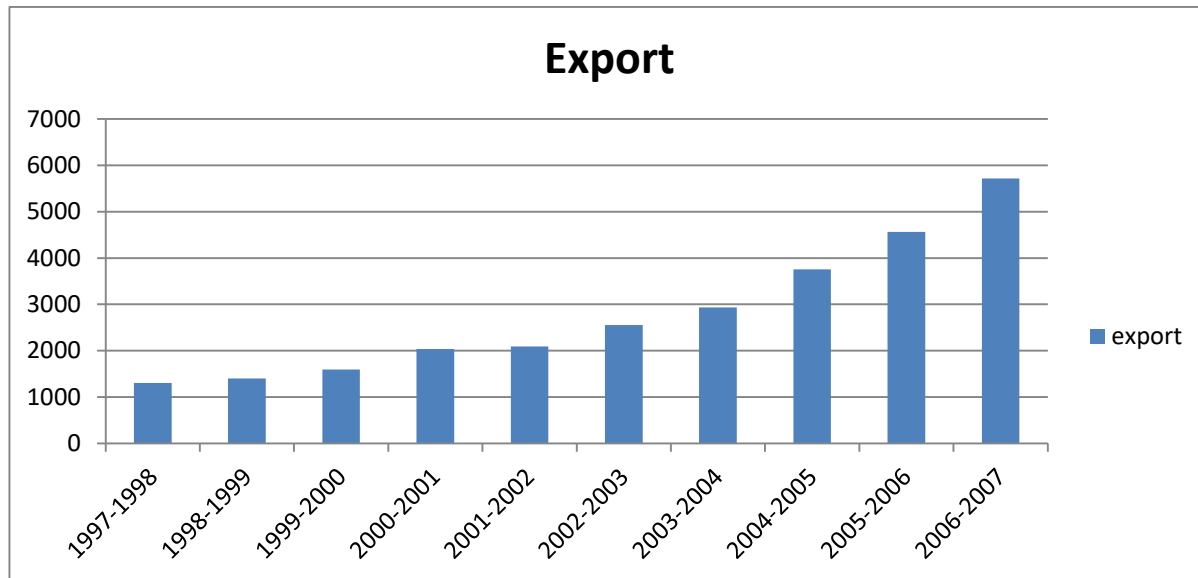
Figure 1: India's Trade during Pre-Crisis Period

Table-1 and figure-1 presents an analytical study of India's Export and Import and also shows the percentage of annual growth rate respectively. Exports grew with varying rates during the period under study. In graph, values of exports is showing significantly a rising trend.

Table:2 India's Trade of export during Post-crisis Period from FY 2007-2008 to FY 2016-2017

Year	Export(Rupees billion)	Annual Growth Rate (%)
2007-2008	6558.64	14.70
2008-2009	8407.55	28.19
2009-2010	8455.34	0.56
2010-2011	11429.2	35.17
2011-2012	14659.6	28.26
2012-2013	16343.2	11.48
2013-2014	19050.1	16.56
2014-2015	18964.5	-0.44
2015-2016	17144.2	-9.59
2016-2017	18541	8.14

Source: Handbook statistics on Indian economy 2016-2017

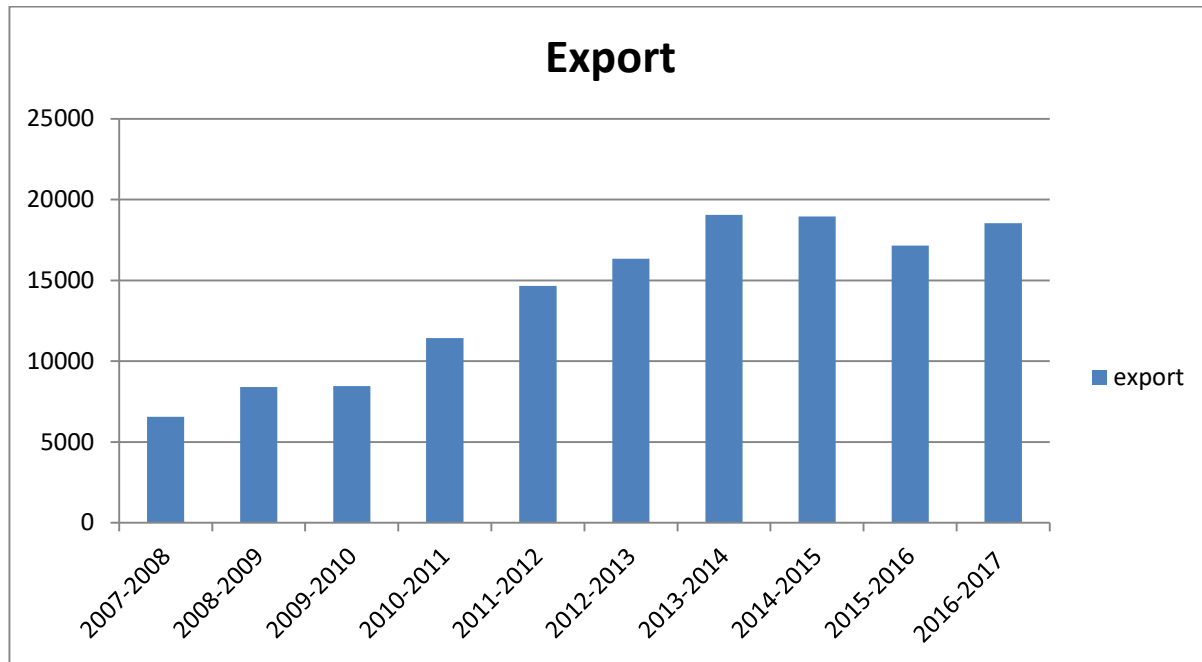
Figure 2: India's export during Post-Crisis Period

Table-2 and figure-2 presents an analytical study of India's Export and Import and also shows the percentage of annual growth rate respectively. Exports and Imports grew with varying rates during the period under study. In graph, values of exports and imports is showing significantly a rising trend.

Analysis and Interpretation

India's Exports in Pre-crisis and Post-crisis period

Table 1 and 2 shows that common trend of India's on the whole exports during the period under study. This has resulted in an annual growth rate of exports in rupees terms is 7.41 in 1998-1999, 14.17 % in 1999-2000, 27.58 % in 2000-2001 and so on. The annual growth rate of exports was highest at 27.94 % in 2004-2005 during the pre-crisis period under study. Thereafter, this rate was suddenly decreasing in the year 2001-2002 this rate was recorded in values 2.67 %. In 2006-2007, the exports annual growth rate was 25.27 %. During post crisis era, Indian exports have shown remarkable improvement principally from the period 2007-2008 to 2008-2009 Exports decreased 0.56 times in the year 2009-2010 unexpectedly Thereafter, this rate was continuously decreasing with many fluctuations and in the year 2010-2011 this rate was 35.1, and 16.56 % in the year 2013-2014. Thereafter, this rate was continuously decreasing with many fluctuations and in the year 2014-2015 and 2015-2016 this rate was recorded in negative values i.e. -0.44 % and -9.59%. The Annual growth rate of exports is fluctuating in both the periods because of many reasons. It does not give the clear picture of growth of exports. The table clearly shows that exports have increased during post crisis period although the impact of economic crisis on exports is not very significant but still it is positive. Therefore through this analyses we can say that, India's exports moved up with varying rates during the period under study.

Table 3: Descriptive Statistics

Variables	Minimum	Maximum	Mean	S.D.
Export pre	1301	5718	2794.05	1466.915
Export post	6559	1950	13955.33	4836.930

Table 4: t-test for India's Export

	period	Mean	Std. Dev.	t-stat.	p-value
Pair 1	Export pre and post crisis	-11161.283	3776.329	-9.346	000

The mean value in post-crisis period is more than the mean value in pre-crisis period (Table-3). Therefore it can be said that the export in pre- crisis period was less than the export in post- crisis period. As per the result of paired t-test, the p value (0.000) is less than the level of significance value 0.05, indicating that there is significant increase in the exports after the post- crisis period.

Limitation of the Study

The study is based on secondary data which are collected from several websites. The limitations of secondary data, if any, will too influence study. The main factors have been discussed, yet there exist more issues which have not been detailed due to time constraints as well as unavailability of data in the predetermined time. The study is limited to ten years pre and ten years post the crisis period.

Conclusion

This study investigates the effect of crisis on Exports and Total Trade for India using time-series data from 1997-1998 to 2016-2017. In this look upon pre crisis and post crisis period trade performance is compared on the basis of its value. Over the study period it has been concluded that foreign trade of India has revealed an increasing trend after the beginning of crisis period in India. At some point in the period under study, the volume of trade is increasing day by day with the several fluctuations. The study also indicates that post crisis era has certainly helped India in achieving high growth of the economy. The result shows that in post- crisis period the exports are more than the exports in pre- crisis period but it is also suggested that the growth rate of comparison to the growth rate of exports. The null hypothesis has been rejected. So, the study concludes that the introduction of economic reforms in India had a significant positive impact on India's foreign trade.

Reference:

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