

# Export Performance of India: Pre And Post-Recession Analysis

<sup>1</sup>Sayed Gulzar Ganai & <sup>1</sup>Javid Khan

<sup>1</sup>PHD Research Scholar, Department Of Economics, IUST (India)

<sup>2</sup>Assistant Professor, Department of Economics, IUST (India)

## ARTICLE DETAILS

### Article History

Published Online: 16 Mar 2020

### Keywords

Constant Market Share, Export Performance, Market Distribution Effect World Demand Effect

### \*Corresponding Author

Email: saiedhusyn17[at]gmail.com

## ABSTRACT

*This study is an attempt to measure and analyze the export performance of India for the time period of 2001-16 which was subdivided into two periods, pre and post-recession of 2008-09 by using Constant market share method. The study confirms the results that the growth of Indian exports during 2001-16 has been mainly due to the Market Distribution Effect and World Demand Effect. It was found that during the pre-recession period, the export performance lacked competitiveness as compared to post recession. Similar results were seen in commodity wise growth performance, almost all the commodities were showing negative competitiveness effect. Market wise export growth showed that few economies have shown a good response for Indian exports to their respective markets like USA, few economies of Europe and UAE. There has been negative competitiveness effect which shows that Indian exports are growing to such markets not by their competitive nature but by the other two effects namely world demand effect and market distribution effect.*

## 1. Introduction

India's tryst with the trade liberalization and openness policies started vigorously in 1991. Since then, it has become one of the influential states in world market. A market driven initiative increased the significance of exports in India and subsequently constitute a key factor in the economic development and growth of the nation. Reforms in trade and foreign exchange policies pushed up Indian merchandise trade and increased the efficiency and competitiveness of Indian exports. The gradual liberalization made a favorable environment for Indian exports to get known to the world market with the result exports in India have grown at a good pace accordingly with the world exports since 2001 and had impacted the Indian economy positively. There is an interlinkage between the national income and export performance of the country and is supported by literature like, (Chenery, 1979; Kavoussi, 1984; Jung and Marshall, 1985; Ahmad and Kwan, 1991). Besides this, it is exports that could be formative for mounting up the nation in future as is supported by the literature like, (Nayyar, 1976; Chow, 1987; Salvatore and Hatcher, 1991; Thirlwall, 1979; Melitz, 2003). The high growth rate of Indian economy can partly be attributed to the growth of its exports (Mukherjee and Mukherjee, 2012). However, the sustained decadal growth was cut down by the global financial crises in 2008-09 which made Indian export sector to clung back. The GDP growth rate fell from (9 percent) in 2007-08 to (7.1 percent) in 2008-09 and annual export growth rate fell from (28 percent) to (-15.36 percent) during the same period. In Indian context, studies based on export performance has been considered from a long past, few considered like, (Tiwari, 1986; Aggarwal, 1989; Kainth, 1996; Jha, 2000; Rajagopal, 2000; Hugar, 2002; Goyal and Singh, 2000; Hosamane and Bisaliah, 2006; Nageshwara and Srinivas, 2009; and Singh, 2014) are noted ones. Keeping in view the importance of export performance in the growth of the economy this paper is an attempt to analyse the export performance of India and its composition over time, including the impact of 2008-09

recession. The basic research questions regarding the export growth and performance of India which this study is going to answer are; (I)How far the world growing trade makes Indian export sector to expand in structure and composition (World Demand Effect).(II) Was world better demand for Indian exported commodities responsible for higher growth (Commodity Composition Effect); (III) what about market distribution effect, that India had maintained in exporting to those markets where comparatively the purchasing power was high. (IV) Is the competitiveness of Indian exports responsible for their increasing growth in the world market (Competitiveness Effect). The analysis is done for overall time period from 2001 to 2016 which is further sub divided into two separate time periods of pre-recession 2001-07 and post-recession period of 2008-16 for comparison and contrast. The paper is divided into four sections. Section first introduction is followed by section two research methodology. Section three provides results and discussion and section fourth summary and conclusion.

## 2. Research Methodology

### 2.1 Constant Market Share Analysis:

In order to analyze the export performance of India, a secondary data-based method commonly known as Constant Market Share model, pioneered by (Tyszynski, 1951) is used. The approach has been very fashionable for determining the export performance of any country, just considering few researchers like; (Bowen and Pelzman, 1984; Ferreira and Rayment, 1984; Horwitz, 1984; Utne, 1984; Leamer and Stern, 1970 and Singh, 2014). This method is very trendy and is very famous due to its simplicity and applicability for determining the export performance of a nation.

To analyze the Indian export market, CMS model used by (Singh, 2014) has been applied to bring Indian export performance into picture. CMS is given by formulae as;