

# Impact of Global Economic Crisis in Export Performance on Indian Economy

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**Abstract:** This research aims to decide the impact of the global economic crisis 2007-2008 on export in the Indian economy. Every country has been playing a role in the economic movement of foreign trade. In India, the major program of economic crisis started in 2007-2008, highlighting the impact on the external sector. Foreign trade of India's has undergone substantial changes; trade of volume rose trade composition was also often changed after the global economic crisis period. The paper aims to examine the before and after the global economic crisis period its impact on the Indian economy. The current study has been collected from secondary sources. This data has been collected and analyzed using percentage change of annual, trend linear value and paired sample t-test from SPSS. This paper found that exports performance in the relationship after the global economic crisis has positive signs of the Indian economy. But the rate of export has been increasing this analysis says that a move forward.

**Keywords:** Global Economic Crisis, exports, external sector, Indian Economy.

## 1. Introduction

In the background of rising and falling world economy before 2007, generating overjoyed confidence about view with the predict of BRIC countries led economic growth in coming times, the start of long-drawn-out recession greatest ever after the 1930s, through a financial meltdown in the US and somewhere else in early 2007, has a knock-on effect on such projections. International financial and trade flows have contracted at unparalleled rates for the first time in the past 50 years. All advanced countries in the Second World War recession with a job crisis rising across the board. Foreign trade helps to produce those commodities which have a comparatively cheaper cost than others. Suppose all the countries take on this method to produce these goods in them. They have less relative cost, and it will show the way to ease of use of goods at a lower price. Foreign trade also increases the reach of the market because of domestic demand and foreign demand for the product. Therefore there is mass production. If the production of goods increases, the average cost declines and the price of goods declines. It helps the people to get different

varieties of goods both in quantities terms and qualitative terms. Foreign trade of export helps a developing country like India in its economic development.

### 1) Objective of the study

The main purpose of the analysis is to observe the performance in exports and its impact before and after the global economic crisis on the Indian economy.

### 2) The study of hypotheses

The hypotheses are following this study;

- *Null hypothesis (H<sub>0</sub>):* There was no significant difference between before and after the global economic crisis period the export of exports of the Indian economy.
- *Alternative hypothesis:(H<sub>a</sub>):* There was a significant difference between before and after the global economic crisis in the export of exports of the Indian economy.

## 2. Research Methodology

This study examines the export performance of the Indian economy for ten years before the global economic crisis period (1997-1998 to 2006-2007) and ten years after the global economic crisis period (2007-2008 to 2016-2017). The secondary has been collected from a source like the RBI handbook. This study analyses the tabular annual percentage change and linear trend value representation tools to analyze data. This study is used to paired t-test, the before the global economic crisis period and after the global economic crisis period in export performance was tested.

Table No.1.1 explains the during the before crisis period, export of total increased from Rs. 1,301.01 billion in the year 1997-1998 to ₹2,551.37 billion in 2002-2003 added to ₹3,753.4 billion the year of 2004-2005 and to ₹5,717.79 billion in the year 2006-2007. The export total has enhanced by 27.94 per cent in 2004-2005 and by 2.67 per cent in the year 2001-2002 which were the highest and lowest percentage change of before crisis period in the Indian economy. Equally the after

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crisis period, India's export total distended from ₹6,558.64 billion years of 2007-2008 to ₹8,407.55 billion in the year 2008-2009 again to ₹16,343.2 billion in the year 2012-2013, ₹17,144.2 billion in the year 2015-2016 and to ₹18,541 billion in the year 2016-2017. During this period, the highest percentage change of 35.17 per cent occurred in 2010-2011, and the lowest percentage change of 0.44 per cent was witnessed in 2014-2015.

Table 1

Annual Percentage Change in Performance of Export during the Before and After the Global Economic Crisis Period (Rs. in Billion)

Financial Year Before crisis period	Export of total and percentage change (in brackets)	Financial Year After crisis period	Export of total and percentage change (in brackets)
1997-1998	1301.01 (1.3)	2007-2008	6558.64 (14.70)
1998-1999	1397.53 (7.41)	2008-2009	8407.55 (28.19)
1999-2000	1595.61 (14.17)	2009-2010	8455.34 (0.56)
2000-2001	2035.71 (27.58)	2010-2011	11429.2 (35.17)
2001-2002	2090.18 (2.67)	2011-2012	14659.6 (28.26)
2002-2003	2551.37 (22.06)	2012-2013	16343.2 (11.48)
2003-2004	2933.67 (14.98)	2013-2014	19050.1 (16.56)
2004-2005	3753.4 (27.94)	2014-2015	18964.5 (0.44)
2005-2006	4564.18 (21.60)	2015-2016	17144.2 (9.59)
2006-2007	5717.79 (25.27)	2016-2017	18541 (8.14)

Source: Handbook of Statistics on the Indian Economy-2016-2017.

Table 2

Linear trend value in performance of india's total exports

Period	a	B (Coefficient value)	table value	R <sup>2</sup> value
Before crisis period	265.325 (335.293)	459.767 (54.037)	8.508	0.900
After crisis period	5752.344 (1256.099)	1491.452 (202.439)	7.367	0.872

Source: Calculated by the researcher (Brackets in Standard Errors)

Table No.1.2 explains the t values of the trend coefficient were statistically significant at a one per cent level. The R2 values were also found to be satisfactory both before and after the crisis period. India's export total amplified by ₹459.767 per year before the crisis period. In the same way, the export total improved by ₹1491.452 per annum after the crisis period. During the after-crisis period, the export total has accelerated by more than 3 times before the crisis period. India's export total has positively increased in trend.

Table 3

Export During Before and After Crisis Period

Period	Mean value	N (number of years)	Standard Deviation
Before crisis period	2794.0540	10	1466.9152
After crisis period	13952.63	10	4833.4823

Source: Calculated by researcher

Table 4

Paired sample correlations of before and after crisis period

Period	N (number of years)	Correlation value	Significant value
Paired 1 before and after the crisis period	10	0.794	0.006

Source: Calculated by researcher

Table 5

Paired sample t-test

Before crisis period and after the crisis period	
Mean	-1115.6
Standard Deviation	3774.9042
Standard Error mean	193.7295
95% confidence interval of the difference	
Lower value	-13859.0
Upper value	-8458.18
t	-9.348
Df	9
Sig.	0.000

Source: Calculated by researcher

The mean value before the crisis is less than the mean value in the period before crisis Table No.1.3, on average in before crisis period export was less than the export after the crisis period. Based on Table 1.4 above, the average means in export before the crisis period were 2794.0450 while the standard deviation was 1466.9152. Besides that, the average mean of export and after crisis period was 13952.63, and the standard deviation was 4833.48. Following the normal criteria, 0.05 and above alpha or significant value would be a reject and insignificant result while 0.05 and below would be accepted and significant. According to Table No.1.5 above, the result shows that the value of correlation in export before and after the crisis period was 0.794 with alpha value .006, which is below 0.05. Based on table No.5 above, the average mean between export before and after the crisis period is -11158.6, t = -9.348 and the significant value = .000 means below 0.05. So, the result shows that the export increases after the crisis period, where there is no statistically significant difference between before and after the financial crisis period. Based on that, the null hypothesis (H0) rejects the hypothesis must be alternative to hypothesis (Ha) accepted because the financial crisis has a significant positive impact on the export in the Indian economy.

### 3. Limitation of the Study

This study has been collected from only a secondary source of data. This study is limited to ten years after the ten years global economic crisis period only.

### 4. Conclusion

The analysis result was in the global Economic crisis on India's exports using financial year data from 1997-1998 to 2016-2017. In this look upon both the crisis period performance

of export had compared on the value its basis. This study over period export has been concluded that shown an increase after the crisis period in India. This analysis explained that after the global economic crisis period, confidence helped India achieve high growth of the economy. In this analysis, has been  $H_0$  rejected, and  $H_a$  has been accepted. Because concluded this analysis that export after the crisis period had a significant positive impact on the Indian economy. The government should take a new alternative way of natural resources used to remove

the crisis period.

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