Available online at https://journalsacfa.apeejay.edu/

ENVISION – International Journal of Commerce and Management
ISSN: 0973-5976 (Print), 2456-4575 (Online)
VOL-16, 2022

# A Comparative Study of Exports and Imports between United Progressive Alliance (UPA) Government and National Democratic Alliance (NDA) Government in India

* Sagar Kumar Bhikhalal Thakkar, ** Dr. Ashvinkumar H. Solanki

## ABSTRACT

*Exports and Imports are the most important economic activity for any nation's economy. The Indian government releases foreign trade policy every five years to support foreign traders in the country. In this study, the researchers have made an attempt to compare exports and imports of India during the tenure of the UPA government and the NDA government. The changes in export and imports have been analysed from 2006-07 to 2013-14 during the tenure of UPA government, and from 2014-15 to 2021-22, during the tenure of NDA government. Researchers have used one tailed and two tailed t-test to measure significant changes in exports and imports of the country during the UPA and the NDA government. Results indicate that there is a significant difference in exports and imports between both governments' rule. Findings also reveal that the trade deficit of the country has increased at the rate of 17.08% during UPA rule whereas it increased at the rate of 6.80% during NDA rule.*

**Keywords:** Export, Import, Foreign Trade, NDA, UPA

## 1. Introduction

Business is considered as the most effective activity for the economic development of any nation. In concern with India, after independence there were many restrictions and the License Raj prevailed, but in the year 1991, Indian economy embarked upon the path of reforms with liberalization, privatization and globalization. These reforms opened the doors of Indian economy and gave chances to foreign firms to invest in India and to domestic firms to expand their business abroad. Exports earn foreign funds which are very crucial for survival whereas imports let flow our reserves to other nations. It is a very challenging and requiring task for any country to make balance between exports and imports.

During 2004 to 2014 there was UPA government's rule in India under the leadership of Dr. Manmohan Singh as Prime Minister. Dr. Manmohan Singh is a renowned economist who introduced globalization and liberalization in 1991. During UPA government's role, in 2008 world economic crisis happened which also impacted foreign trade of India and its impact lasted for few years on foreign trade as well. In May 2014, the NDA government under the leadership of Narendra Modi was sworn in with a full majority in India. After the formation of government, NDA government introduced new foreign trade policy in 2015. NDA

* Research Scholar, Department of Commerce, Saurashtra University, Rajkot, Gujarat, India
** Associate Professor, Department of Commerce, Saurashtra University, Rajkot, Gujarat, India

government has launched '*Make in India*' and '*Atmanirbhar Bharat*' Schemes to decrease imports and increase exports and provide positive business atmosphere to local firms to produce goods and services in the country. In the beginning of 2020, COVID-19 pandemic spread in the world which hampered world trade and made countries isolated. COVID-19 Pandemic has also hampered India's foreign trade and its impact lasted for a few years. So both governments had to face some unusual challenges in foreign trade during their governance.

## 2. Review of Literature

(Dasgupta, 2009) analyzed the effect of international trade and investment related to macro-economic variables. Researcher examined exports, imports, FDI inflows and the outflow of FDI from India during 1970 to 2005. Results from the study indicate that lagged imports and exports are a driving force of current FDI outflow and the India's capability of undertaking outbound FDI will be related to the country's performance in its trade front.

(Gupta, 2020) studied the cross sectional comparison of imports and exports. This study includes data of 2003-2004 to 2016-17 time period. This study is totally based on secondary data. Results of the study indicate that export of the country is increasing with various friendly policies of the government but imports are also increasing. This study suggests that there is a great scope for more increase in the foreign trade with better policies and reforms from government side which will lead to growth in GDP.

(Dhinakaran & Kesavan, 2020) studied Indian Economy, Foreign trade, Union budget and controversy of COVID-19 circumstances and Exports and Imports of India with special reference to COVID-19. The researcher in the study found that, sales inventory cost had gone up and suggested companies to adopt latest methodologies to dispose of their inventory. They also suggested that government should promote industrial production for encouraging exports from India.

## 3. Methodology

### 3.1 Importance of the Study

This study has evaluated the imports and exports of India. Foreign trade plays a vital role in the economic growth. Exports have remained the major focus of the foreign trade policy and many steps have been taken for exports promotion. The governments at center have supported the export promotion consistently. The trends in the foreign trade are of much importance for the researchers and policy holders.

### 3.2 Research Design

Research design is the blueprint of the study by which we draw the conclusion of the study. The following research design has been adopted for this study.

### 3.3 Objectives of the Study

- To analyze trends of Import-Export of India during the study period.

- To compare position of import and export during the tenure of NDA and UPA government.

### 3.4 Technique of Analysis

The trends in value in export and import have been observed during the study period. Also, Growth rate in the same has been calculated by applying Compound Annual Growth rate (CAGR). The value of imports and exports has been compared between the tenure of UPA government and NDA government. T-test has been applied to make this comparison

### 3.5 Hypothesis for the study

**$H_0$ =** There is no significant difference in import position of India between UPA and NDA government for the selected study period.

**$H_0$ =** There is no significant difference in export position of India between UPA and NDA government for the selected study period.

**Period of the study**

| | |
|---|---|
| Time period selected for UPA Government | 2006-07 to 2013-14 ( 8 Years ) |
| Time period selected for NDA Government | 2014-15 to 2021-22 ( 8 Years ) |
| Total Time period selected for the study | 16 Years |

### 3.6 Data Collection

Data is the crucial part of any research project. Data helps researcher to reach out his/her objective of the study. This study is totally based on secondary data, which is collected from the official website of the Ministry of the Commerce and Industry.

## 4. Data Analysis and Interpretation

**Table 1**
**Exports and Imports of India during UPA Government**

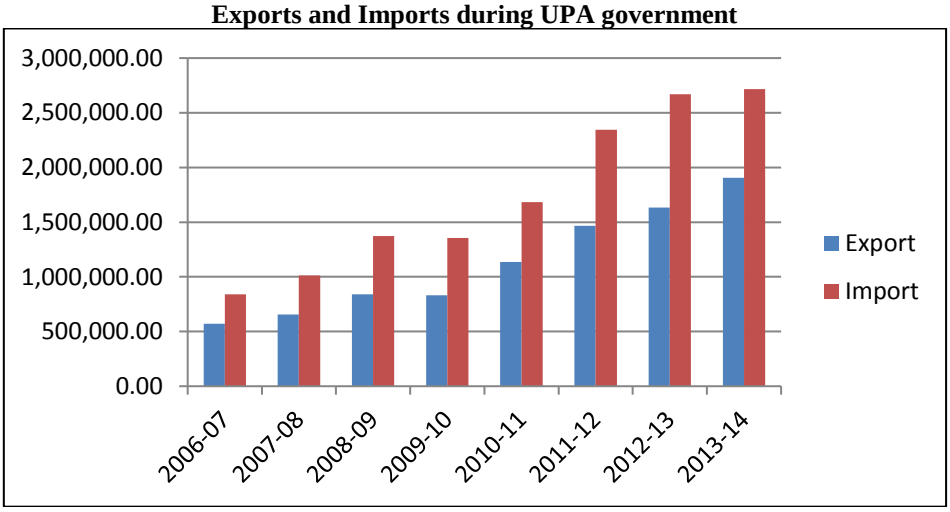
| Year | Export (Rs. in Cr) | Import (Rs. in Cr) | Total Trade (Rs. in Cr) | Trade Balance (Rs. in Cr) |
|---|---|---|---|---|
| **2006-07** | 571,779.27 | 840,506.30 | 1,412,246.25 | -268,727.03 |
| **2007-08** | 655,863.51 | 1,012,311.69 | 1,668,033.82 | -356,448.18 |
| **2008-09** | 840,755.05 | 1,374,435.37 | 2,215,145.96 | -533,680.32 |
| **2009-10** | *832,056.33* | *1,354,358.23* | *2,186,414.56* | *-522,301.90* |
| **2010-11** | 1,136,964.25 | 1,683,466.95 | 2,820,418.17 | -546,502.69 |
| **2011-12** | 1,465,959.39 | 2,345,463.23 | 3,811,360.42 | -879,503.85 |
| **2012-13** | 1,634,318.28 | 2,669,161.95 | 4,302,659.63 | -1,034,843.67 |
| **2013-14** | 1,905,011.08 | 2,715,420.78 | 4,620,379.09 | -810,409.71 |

*Source: https://tradestat.commerce.gov.in*

Table 1 indicates Export, Import, Total Trade and Trade Balance position of India during the study period of UPA government from 2006-07 to 2013-14. In the year 2006-07 total exports of India was Rs. 571,779.27 crores which increased to Rs. 1,905,011.08 crores during the time frame of 8 years. Total Exports of the country increased at compound growth rate of 18.75%. In the year 2006-07 total import of India was Rs. 840,506.30 crores which increased

to Rs. 2,715,420.78 crores during the time frame of 8 years. Total imports of the country increased at compound growth rate of 18.24%. Trade deficit of the country was Rs. 268,727.03 crores which increased to Rs. 810,403.71 crores during the time frame of 8 years. Total Trade Deficit of the country increased at compound growth rate of 17.08%.

**Figure 1**
**Exports and Imports during UPA government**




*Source: https://tradestat.commerce.gov.in*

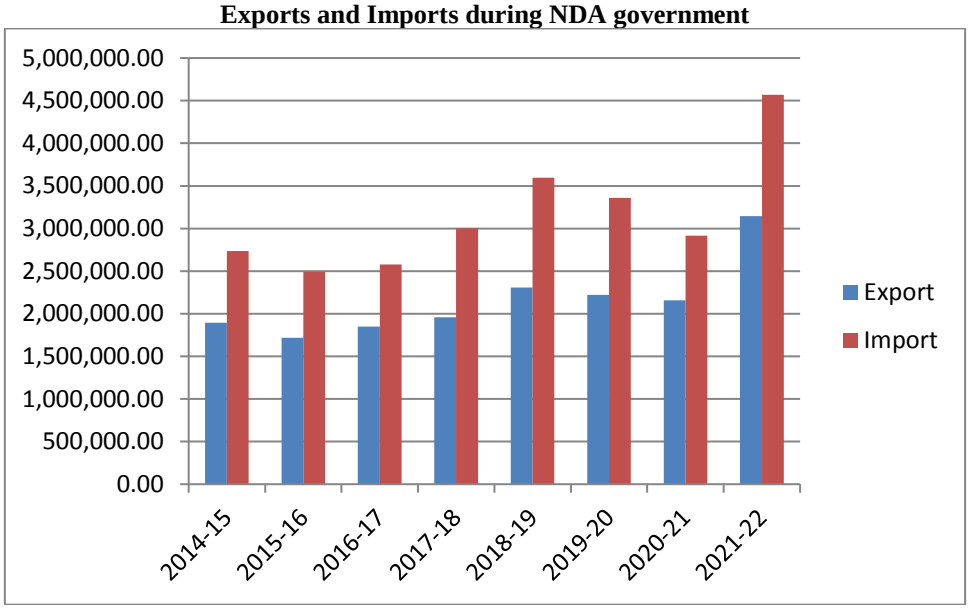
**Table 2**
**Exports and Imports of India during NDA Government**

| Year | Export (Rs in Cr) | Import (Rs in Cr) | Total Trade (Rs in Cr) | Trade Balance (Rs in Cr) |
|---|---|---|---|---|
| **2014-15** | 1,896,348.41 | 2,736,676.99 | 4,633,014.63 | -840,328.58 |
| **2015-16** | 1,716,384.39 | 2,490,303.76 | 4,198,765.47 | -773,919.37 |
| **2016-17** | 1,849,433.54 | 2,577,671.14 | 4,417,847.67 | -728,237.60 |
| **2017-18** | 1,956,514.52 | 3,001,028.71 | 4,957,229.16 | -1,044,514.20 |
| **2018-19** | 2,307,726.18 | 3,594,674.22 | 5,902,345.17 | -1,286,948.04 |
| **2019-20** | 2,219,854.17 | 3,360,954.45 | 5,580,708.38 | -1,141,100.28 |
| **2020-21** | 2,159,043.21 | 2,915,957.54 | 5,074,987.30 | -756,914.33 |
| **2021-22** | 3,146,186.28 | 4,569,438.78 | 7,715,488.33 | -1,423,252.51 |

*Source: https://tradestat.commerce.gov.in*

Table 2 indicates Export, Import, Total Trade and Trade Balance position of India during the study period of NDA government from 2014-15 to 2021-22. In the year 2014-15 total exports of India was Rs. 1,896,348.41 crores which increased to Rs. 3,146,186.28 crores during the time frame of 8 years. Total Exports of the country increased at compound growth rate of 7.50%. In the year 2014-15 total import of India was Rs. 2,736,676.99 crores which increased to Rs. 4,569,438.78 crores during the time frame of 8 years. Total imports of the country increased at compound growth rate of 6.62%. Trade deficit of the country was Rs. 840,328.58 crores which increased to Rs. 1,423,252.51 crores during the time frame of 8 years. Total Trade Deficit of country increased at compound growth rate of 6.80%.

**Figure 2**
**Exports and Imports during NDA government**




*Source: https://tradestat.commerce.gov.in*

## 4.1 Hypothesis Testing

**Table 3**
**$H_{01}$ one tail t-test and two tail t-test**

| | NDA Import | UPA Import |
|---|---|---|
| Mean | 3155838.20 | 1749390.56 |
| Variance | 4.67 | 5.44 |
| Observations | 8 | 8 |
| Pooled Variance | | 5.05 |
| Hypothesized Mean Difference | | 0 |
| Df | | 14 |
| t Stat | | 3.96 |
| P(T<=t) one-tail | | 0.0007 |
| t Critical one-tail | | 1.7613 |
| P(T<=t) two-tail | | 0.0014 |
| t Critical two-tail | | 2.1448 |

*Source: Author's own calculations*

Table 3 indicates two tail t-test for hypothesis testing for the time period of 2006-07 to 2021-22 for comparison between NDA and UPA government' import data. It is tested at 5% level of significance and results indicate two tail p-value as 0.0014 which is less than 0.05. So it is clearly indicated that there is a significant difference between import of goods and services during UPA and NDA government.

**Table 4**

**$H_{02}$ one tail t-test and two tail t-test**

| | NDA Export | UPA Export |
|---|---|---|
| Mean | 2156436.34 | 1130338.40 |
| Variance | 2.00 | 2.40 |
| Observations | 8 | 8 |
| Pooled Variance | 2.20 | |
| Hypothesized Mean Difference | 0 | |
| Df | 14.00 | |
| t Stat | 4.38 | |
| P(T<=t) one-tail | 0.0003 | |
| t Critical one-tail | 1.7613 | |
| P(T<=t) two-tail | 0.0006 | |
| t Critical two-tail | 2.1448 | |

*Source: Author's own calculations*

Table 4 indicates two tail t-test for hypothesis testing for the time period of 2006-07 to 2021-22 for comparison between NDA and UPA government' export data. It is tested at 5% level of significance and results indicate two tail p-value as 0.0006 which is less than 0.05. So it clearly reveals that there is a significant difference between export of goods and services during tenure of UPA and NDA government.

**Hypothesis Testing Results**

| Hypothesis | Calculated P-Value | Significance Level Value (5% level) | Value Comparison | Accepted/Rejected |
|---|---|---|---|---|
| **$H_{01}$** | 0.0014 | 0.05 | P-Value<Significance level value | Rejected |
| **$H_{02}$** | 0.0006 | 0.05 | P-Value<Significance level value | Rejected |

## 5. Conclusion

The major findings of the study indicate that imports of the country increased at the rate of 18.24% during 8 years of UPA government whereas it is increased at the rate of 6.62% during 8 years of NDA government. Also, exports of the country increased at the rate of 18.75% during 8 years of UPA government whereas it is increased at the rate of 7.50% during 8 years of NDA government. Trade deficit of the country increased at the rate of 17.08% during 8 years of UPA government whereas it is increased at the rate of 6.80% during 8 years of NDA government.

Above findings reveal that exports have shown a growth rate in the range of 15-16% during the tenure of both the governments. However, imports have been restricted during the tenure of NDA government and it has succeeded in restricting the growth in trade deficit to 6.80 % which was 17.08 % during the tenure of UPA government

## References


- Dasgupta, N. (2009). Examining the Long Run Effects of Export, Import and FDI Inflows on the FDI Outflows from India: A Causality Analysis. *Journal of International Business and Economy*, 65-88.
- Dhinakaran, D. D., & Kesavan, D. N. (2020). Exports and Imports Stagnation in India During COVID-19- A Review. *GIS Business*, 1158-1177.
- Gupta, S. (2020). *Export, Import and Economic Growth of India*. Delhi: Delhi School of Management.