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Government Agreement Impact of Export-Growth Relationship in India Region

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KEYWORD

Relationship, Exports, Government, Agreement

ABSTRACT

There is much debate about the impact (positive or negative) of regional trade agreements, trade agreements and free trade agreements. Many organizations today are trying to analyze whether there is a relationship between exports and India's overall development and whether the implementation of the agreement has led to change (good or bad). According to the export convention, Exports stimulate growth, but growth does not lead to the creation of exports. However, with the emergence of export contracts, this relationship was reversed and the relationship seems strong. In addition, in the pre-market contract, although exports lead to growth, their impact on growth is not significant; After the agreement, the government's GDP leads to exports, and this relationship is significant and negative (an increase in GDP leads to a decrease in exports). In this paper, we attempt to examine the causal relationship between exports and growth in India, with particular emphasis on the impact of the introduction of various agreements that put this relationship into business.

1. Introduction

The relationship between exports and economic growth is being researched by economists in many countries of the world. These studies give different answers to the question of whether there is a causal relationship between exports and growth. Although some studies support the export-led growth (ELG) hypothesis, some studies do not find a relationship between the two, while others find a dual relationship between exports and growth, i.e., export growth and export growth. Even in relation to India, many studies have been done based on the ELG hypothesis, but with inconsistent results. On the other hand, there have not been many empirical tests on the causal effect of regional integration through RTAs and FTAs on exports and GDP. Apparently, this is an unexplored area, so the author feels the need to continue this topic.

2. Related Work

Studies that try to explore the relationship between exports and the growth of a country can generally be divided into two categories - the first consists mainly of previous studies using cross-sectional data and analyzing the data with Spearman's rank order. correlation or ordinary least squares (OLS) and the second consists of processing data in the form of time series and performing Granger causality tests and cointegration analysis.

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Previous studies using spear speed correlation include Emery (1967), Siron and Walsh (1968), Kravis (1970), Micheli (1977), and Bhagwati (1978). Users of OLS include Balasso (1978), Tyler (1981), Feder (1982), Kavoussi (1984), Ram (1985), Heitger (1987), Moschos (1989), Fosu (1990), Colombatto (1990), and Lussier (1993).). All of these studies, cross-sectional in nature, except Colombatt (1990) found strong evidence to support the relationship between exports and GDP. However, these studies have been criticized based on their methodology and the use of cross-sectional data, especially the grouping of countries based on their level of development. This is because such grouping assumes that countries with the same level of development have the same level of technical education, technology used for the production process, and economic structure. However, this is not always the case, and therefore the results obtained from these studies are questionable at best. As Shirazi and Abdul Manap clearly state: "Export and economic growth are long-term phenomena that cannot be captured by disease analysis.

A new methodology was introduced to overcome the shortcomings of deterministic research, namely the Granger causality test. This research is mainly done through time series analysis. In particular, these studies fail to answer the question of whether there is a relationship between exports and GDP growth. These studies produce mixed results and often fail to establish a causal relationship between exports and growth. For example, Ugung and Marshall (1985) surveyed 37 countries and found no evidence of ELG in 33 of these countries.

Darrat (1987) found evidence of ELG in only one of the four countries he studied. Similarly, 15 of the 32 countries studied by Xu (1996) did not show causality between exports and GDP growth. Shirazi and Abdul Manap (2005) investigated the relationship between export, import and real output for five South Asian countries and found no causality between export and output growth for two countries with at least one direction of causality between the two countries. variables for the remaining three. The most successful study was conducted by Chow (1987), who found evidence of a strong and reliable two-way feedback channel between exports and growth in the eight countries considered in the study. However, the results of most studies have been mixed, and the debate continues about whether ELG is appropriate in all situations. Different studies have different results in the case of India. This will be discussed in more detail in the next section, but it is important to understand that this difference is due to several factors, including differences in the economic situation of the country considered, differences in the time period, and different treatment of data. before analysis. etc. This is not a weakness of time series analysis using the Granger technique, but actually, multivariate and complex effects represent a greater strength than cross-sectional analysis allows. Therefore, there is no doubt that time series analysis using the Granger causality test method is a more reliable method and less difficult to criticize, even though it produces inconclusive results, especially when compared to disease analysis.

2.1. Specific Literature on Export-GDP Causality in Indian Context:

The results of the causality analysis between exports and GDP are mixed in India, as in many countries. There are no studies on this issue, but they have not been able to reach a consensus and prove definitively whether there is a causal relationship between exports and GDP growth. The authors limited the studies they searched for in the literature review here to those that used the same methodology as them for greater consistency.

One of the first studies on India was Wung and Marshall's 1985 study of Exports, Growth and Factors in Developing Countries, in which India was one of the 37 countries. In India, there is an insignificant degree of causality between export growth and income growth. Dodaro (1993) also reported similar results for India, indicating a lack of evidence for the ELG hypothesis in India.

Mallick (1996) used the Engle-Granger correlation technique and established a causal relationship between income growth and exports for India, considering data from 1950 to 1992. It showed that exports cause growth, but did not find evidence that exports cause growth hypothesis.

This was followed by Marjit and Raychuri (1997) which studied the relationship between Exports and GDP and the effect of introduction of various trade policies on it. They considered data for the time period 1951-1994 and also found a causal relationship running from GDP to export growth, i.e., growth led to exports, but not in the opposite direction much like Mallick (1996). The point to be noted here is the similarity in the time periods that they considered.

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Ghatak and Price (1997) conducted joint and Granger causality tests on exports, imports, and GDP over the period 1960-1992. It was found that the growth of GDP leads to the growth of total exports. He also found that in a limited way exports lead to GDP growth. However, they found no correlation between imports and GDP. Ghatak and Harga (1997) came to a slightly different conclusion from previous studies and it is interesting to note that their calculation time was about ten years less.

Next came Dhawan and Biswal (1999) which used a slightly different methodology. Utilizing the vector autoregressive model in conjunction with cointegration, they tested the relationship between GDP, exports and the terms of trade. They considered the period 1961-1993 and found the existence of a strong long run causality running from growth in GDP to export growth and a short run causal relationship flowing from exports to GDP.

Surprisingly, another study conducted in the same year, Asafu-Adjaye and Chakraborty (1999) found no causality between India's exports, real output and imports between 1960 and 1994.

This contradiction continued in 2001 when Anwar and Sampath (2001) found no causality between export and growth, while Nidgula (2001) found a strong causality between export and growth and found that this was mainly causal. Primary exports have no contribution to GDP growth.

Sharma and Panagiotidis (2005) considered the period from 1971 to 2001 and found a lack of support for the ELG hypothesis considering exports plus GDP.

Konya and Singh (2008), looking at data from 1950-51 to 2003-04, found that export and import lead separately and together to GDP growth, but GDP growth does not lead to export and import growth. In a 2009 study, they found that there is a two-way causality between manufacturing GDP and exports, with exports increasing agricultural GDP and agricultural GDP increasing imports and increasing imports. in gross domestic products.

A review of the relevant empirical literature shows that there is no consensus and debate continues about what causality exists between exports and GDP in India and in which direction this relationship is moving. Furthermore, cross-sectional methods suffer from various shortcomings, so it is better to avoid them, and instead, whenever possible, causal studies should consider time series methods. However, this method is very sensitive to several factors, such as the time frame considered, the variables and methodology used, and the precise econometric tools used for the analysis, and thus can lead to different results. However, in general, it shows that previous studies in the Indian context have rejected the ELG hypothesis, while subsequent studies, especially those conducted in the last five years, have supported the ELG hypothesis and some GLEs. Hypothesis

A cutting-edge method for computers to comprehend human gesture (Body Language) is gesture recognition. The majority of marker-based gesture recognition mice require at least two different colours of markers to track, which slows down and lags the system. A glove and coloured tips have been used in several similar experiments on virtual mice to detect hand gestures, however the mouse functionalities are not as precise when employing these methods. There have been some attempts to detect the hand gesture interface using a camera.

Chang- Yi Kaoet proposed a Human-Machine Interaction Technique:-learning-based interaction between a computer and a person is basically what hand gesture recognition based on hidden markov models with trajectory of hand motion is. Their work is really exact, but it only functioned on machines with good configuration[2].

J. Katona proposed [3] Cognitive info communications (CogInfoCom) is a young and developing field that aims to combine human cognitive skills with digital technologies. It has already introduced technical developments, such as new types of learning environments, and has contributed to a greater knowledge of how people learn more efficiently.

Chaithanya C, Lisho Thomas, Naveen Wilson, and Abhilash SS in 2018[4] proposed The model detection in "Virtual Mouse Using Hand Gesture" is based on colour. However, very few mouse operations are carried out.

D. L. Quam, in 1990 [5] proposed gesture recognition with the DataGlove. 22 gestures were examined, with finger flexure movements in the first class, finger flexion and hand orientation in the second class, and finger motion in the third class. Four sensors were needed to correctly distinguish one motion from a bunch, depending on the type and quantity of gestures in a group.

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Vinay Kr. Pasi, Saurabh Singh, and Pooja Kumari in 2016 [6] proposed “Cursor Control using Hand Gestures” in the IJCA Journal. The method suggests using several bands to carry out various mouse actions. The drawback is that different colours are required to carry out mouse tasks.

Neethu. P.S et al. proposed a Real Time Static and Dynamic Hand Gesture Recognition Create, develop, and research a useful framework for real-time gesture recognition that can be used to many different human-computer interaction applications. However, it could not operate against a complicated backdrop and could only be computed under bright conditions

3. Methodology

The data is considered as India's annual GDP and exports from 1980–2013. The analysis was performed to determine the daily pattern of changes. The author's aim is to investigate the causal relationship between the above variables, with special emphasis on the concepts of export-oriented GDP and export-oriented GDP. The author attempts to explore the concept of export-oriented SMEs and export-oriented SMEs in India and whether the scenario has undergone any changes due to the introduction of RTA and FTA.

First, the data were processed to test Granger causality. The first step is to check if all temporary files have a root. The presence of partial roots means that the time series under consideration is a stochastic process and its moments are time-varying. It is important to check the non-stationarity of the data, so if it is found to be non-stationary, the data must be changed to stationary to do the rest of the analysis. This is the only way to get safe and reliable results.

The basic test used in this paper is the extended Dickey Fuller test. ADF testing tests the root cause, under the assumption that the data are non-stationary. The significance level included for all tests was 5%. Later analysis of variance and regression analysis were also performed

4. Conclusion

According to the results in the previous section, although it is unlikely that there will be a long-term relationship between the two variables, exports and GDP can cause and affect each other in the short term. The road is not good (although it does not matter). Although GDP depends on exports, as agreed before the trade, the results are negative and insignificant. On the other hand, in the post-industrial perspective, exports are driven by GDP and the relationship is negative and significant. Analysis of variance shows that the signing of the trade agreement led to a change in the relationship between India's exports and GDP. Before the trade agreement, exports increased GDP and GDP decreased (though not as much as after the agreement), but after the trade agreement, exports increased GDP and GDP decreased increased exports. Since the variables examined are exports and GDP, the upward and downward relationship is the growth relationship. Although GDP and exports grew steadily in real terms, growth in one rose to the same level as in the other two periods examined. India's economic growth gap is a general reflection of these debates. GDP growth following the agreement was driven by exports rather than exports, slower growth and broader economic growth. Probably the reason for India's poor economic situation during this period gave way to economic activities.

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