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"TRADE PERFORMANCE OF PAKISTAN AND INDIA"

REEMA AKBER[1], AHMED OSAMA[2] & SAMREEN HENA[3]

[1]Research Scholar, Department of Economics, University of Karachi, Pakistan

[2,3]Research Scholar, Department of Commerce, University of Karachi, Pakistan

ABSTRACT

This study examines the role of export and import, in economic growth in Pakistan and India, by using the secondary Time series data, from the period of 1960 to 2015 taken from World Bank. Unit root test has been checked by ADF (Augmented dickey- fuller)

Among the variables, co integration is shown by the simple regression technique. The results implied that, import and export are important to boost the economic growth in Pakistan. After estimating the model, we concluded that import and export of India highly effect on their economic growth and there are continuous increment in gross domestic product in India. In Pakistan the net balance of trade going to decline and it's continuously negative and declining. I compare the both economy export and import. The result brings out an important theory to support for the proposition that the export and import are one of the key reason of Economic growth in developed and developing countries. We compare in this the growth of India and Pakistan and see the further effect of their trade with china. We compare both country's import and export we can see that, there is too much distortion in Pakistan's trade, as compare to India's trade. The difference between import and export of Pakistan having less impact on GDP, as compared to the effectiveness of India's trade, impact on their GDP. The future relation between Pakistan with china and India with China may affect largely on their GDP, by their trade benefit.

KEYWORDS: Export and Import, GDP, Trade

INTRODUCTION

Since the mid 1960s both strategy producers and Economist have demonstrated incredible enthusiasm for investigating the connection between global exchange and Growth. The reason is that Countries are worried about enhancing the personal satisfaction of their compatriots, which essentially originates from generally, macroeconomic, advancement in a very focused and globalized world. In this manner, making riches, expanding GDP is of basic significance for any economy. There are a wide range of ways to deal with accomplish this objective, however not a private secure. One probability is to discover new export markets for merchandise and enterprises, as export, alongside the imports of new advancements, is an essential motor of improvement. This methodology, in any case, brings up the issue: ought to a nation advance export as well as imports to accelerate monetary improvement and development, or would it be advisable for it to basically concentrate on financial development to produce global exchange?

In long time we see that, benefits were acknowledged with make non-tradable in the expositive expression of global commercial concerns. However, the division need rose with profound significance on the premise for solid underpinnings. Mechanical transformation advancement, budgetary imperatives What's more set options, What's more administrative progressions bring significantly extended those range Also scope of exchange benefits particularly in the connection from claiming expanding impart about learning escalated consideration items toward those reality business. They, in the period from claiming globalization, need wiped out regular monopolies (telecommunications, energy) on global exchange and opened dependent upon new parkways to the creating nations with match up for the created nations in the briefest could reasonably be expected compass for run through. They would helping a considerable measure Previously, making cross-border exchange Also have expanded private division investment over benefits where, for a number countries, general society part required customarily assumed a significant part (health, education, Ecological services).

Export need aid accepted will be the main part of financial growth, which facilitates the methodology for investment advancement. Those nation over might win companions with profession relations which guarantee the ideal allotment of the accessible assets. Those countries export those products taking after the similar point guideline under which every nation produces and export the individual's merchandise which it might prepare relatively, in low expenses. The returns starting with exchange rely on upon accelerating export What's more investigation for new business sectors. Those export execution of an organizations in the nation may be dictated Eventually Tom's perusing huge numbers elements. These variables could a chance to be sorted As far as request and supply side determinants. The interest side determinants incorporate those ability of the exchanging accomplices which will be by approximated Eventually Tom's perusing horrible down home item (GDP) the individuals economies, the costs about exportable, the costs of contending products On export showcase and the conversion scale and so forth. Notwithstanding the political or approach factors additionally assume a precise vital part in this respects. Those supply side factors incorporate „domestic creation limit which, may be by and large measured Eventually Tom's perusing those horrible down home item (GDP), return rate, relative costs (price from claiming export relative on value of contending goods), compensation rate and import from claiming inputs etc‟. On the request side the planet value and globe money need a paramount part over demonstrating export conduct technique?

Pak China Relation

In the writing there has been significant argument on the trade drove development (ELG) and development driven growth (GDP) speculations, with uncommon respect to their suggestions on advancement arrangements and global trade.

In Pakistan previous sixty years, our political and social relations have grown substantively. In any case, extension in our financial relations is an advancement of the current past and the most recent decade (2000-2010) can unmistakably be named as a time of standardizing Pak-China financial relations. Pakistan and China additionally felt the need, towards the end of 1990s, to improve financial participation with a specific goal to give sustenance to their developing thorough relations in a quick changing local and worldwide condition, while likewise proceeding to overall the level of collaboration in different regions. From that point forward, the authority of both nations has indicated assurance to get up to speed and take financial relations to a more elevated amount that is equivalent to political and guard relations. Since mid 2000, we see a persistent case of advancement in two-sided financial relations and different exercises have been taken by the all inclusive community and private divisions of the two countries. China has contributed colossally in the progression of structure in Pakistan with endeavors, for instance, the Gwadar remote sea port, coastline interstate, up-level of the Karakoram Highway (KKH) and a couple of other imperativeness related endeavors. Together, the two countries are trying to chalk out a guide for future that joins setting up particular measures for without further ado support, while in like manner arranging approaches for the whole deal, by making complementarities in return and enhancing wander openings. Over the latest ten years, there has been a standard exchange of strange state visits between the activities of both countries. Each of these visits has reflected in clear terms the yearning for budgetary relations. I will focus rapidly on the three late basic visits by Chinese Prime Ministers - in 2001, 2005 and 2010 independently. Each of these visits unmistakably illuminated and consoled Pakistan of Chinese support for the extension in general financial relations, particularly in the range of exchange and ventures. In this manner, would rather manage issues in exchange and interests in a more extensive applied structure to break down accomplishments, difficulties and prospects. Over the most recent ten years, the volume of respective exchange has ascended from $1 billion to about $7 billion. Be that as it may, the rate in development of Pakistani export on yearly premise has been declining. Figures throughout the previous five years, demonstrate an extension of reciprocal exchange, with the adjustment of exchange always expanding for China.

They avoid utilization of utilize what’s more financing pay Furthermore exchange payments” (World Bank, 2015). This is around those time arrangement information about export (expo), from claiming merchandise and administrations from claiming Pakistan and import (import) of products. Also benefits for Pakistan taking starting with 1970 will 2013. Gather the information from claiming Pakistan send out and import from those countries. Advancement pointer change over that information, for Pakistan’s expo furthermore imp 1971-2013, under the log manifestation. Chart indicates that change, to imports and exports from claiming Pakistan, starting with 1970 should 2013. In 1971, because of detachment for Bangladesh starting with Pakistan, it was sent out of the Nation and imports were higher over export; it might have been those discriminating time to Pakistan’s economy.

India China Relation

The quick monetary development of China and India has been related with a great deal more fast development in their exchange. Now and again, this has made huge open doors for their exchanging accomplices. In others, it has made solid rivalry either in home markets, or in third markets. The individuals who confront increments in rivalry are often more vocal, however an adjusted appraisal is expected to help create proper arrangement responses. Traditional exchange models where relative favorable position takes after from nations' relative gifts suggest that to a great degree work plentiful nations like China and India will produce and export work escalated products, while ability and capital-bottomless created nations will spend significant time in aptitude and capital-serious items. As per these models, created economies have little motivation to be worried by the development of China and India as worldwide financial powers. Notwithstanding, other work plentiful creating economies have much to lose as conventional hypothesis highlights development of existing items (the serious edge) as the main wellspring of export development.

“Imports” for goods and services (% from claiming GDP) it tells to the worth from claiming know merchandise Furthermore other market administrations gained. Starting with whatever remains of that world. They incorporate the worth from claiming merchandise, freight, insurance, transport, travel, royalties, Permit charge and other benefits for example, such that communication, construction, information, business, particular Furthermore administration benefits. They avoid utilization about utilizing what’s more investment wage. (World Bank, 2015).

“Export” from claiming products that have more benefits (% of GDP). It speaks to the quality of every last bit of merchandise. They incorporate the quality for merchandise, freight, insurance, transport, travel, royalties, and permit.

LITERATURE REVIEW

The point about this article is, on examining those Export-Led Growth (ELG), Also Growth-Led. Export (GLE) hypotheses, in the event about Pakistan export to Main three export designs, namely: USA, UAE Furthermore uk. Here, ELG states that, a build previously, export prompts an increment in Gross Domesticated result (GDP) and GLE implies that a build has done GDP prompts, that build to examine ELG Also GLE hypotheses.

The study analysis in this article is that, although a nation need preferred or remarkable export execution, then it could move forward in economy. Growth is also the other way round (Afzal, Rehman, & Rehman, 2008). This explanation raises a paramount. Address to connection about association between exports is also economic growth.

The relation between investment and export development previously, creating nations has been from claiming and proceeding premium, both for hypothetical and experimental written works, in the event of Pakistan. Alam. (2012) investigated the ELG, GLE, import-led growth, growth-led imports hypotheses. Those, examination of Alam recorded the vicinity from claiming GLE, over long and short run period. Alam (2011) investigated the experimental relationship between economic growths from claiming Pakistan furthermore, on Pakistan's aggregate export. Alam's examination results were in line for solid. Association, in the middle of economic growth of Pakistan, furthermore Pakistan's downright export.

They find in their research that, there is long run causality exist between export and import, in Pakistan. But, there is unsteady condition in short run of Pakistan's import and export. They find that, Pakistan's budget constraint is not violated.

In this paper, they find an important analysis of the usual method of estimate, export demand functions and he found that, the high income elasticity's in the export demand functions, need not be cause for concern, we find a modified version of a Marshall-Lerner condition, barely satisfied for Pakistan, signifying little or no positive result, on the exterior balance due to depression. This judgment is resistant, by disaggregate export demand functions. They do not reject the theory that, Pakistan on total confronts inestimable demand elasticity. The suggestion is that, as extended as Pakistan's exchange rate, it is not greater than equality one should not look forward to see a major reply, in the trade balance from currency devaluation.

Ullah et al. (2009), reinvestigated the association between growth also, exports in the event of Pakistan. Their investigation, utilized time arrangement information, also connected econometrics instruments namely, Granger causality test (ADF), tests what are more Co-integration tests. They recorded the presence from claiming. Also, solid relationship between developments furthermore exports. The ponder of Afzal, Rehman, also Rehman (2009) investigated those join "around debt, overhauling exports. Also, GDP in the event that, claiming from Pakistan, they reasoned the nonattendance from claiming ELG theory, in the event from claiming Pakistan.

The examination fills in from claiming Cetintas & Barisik (2009), explored the Eld theory, eventually Tom's perusing, bringing a test about thirteen nations including Pakistan. They discovered vicinity of ELG growth. Pazim (2009), archived the nonattendance co-integration between economic developments. Galimberti (2009), affirmed legitimacy from claiming ELG theory in the event from claiming on taking an example. For seventy-two nations, including Pakistan, that experimental investigation for Omisakin (2009), found a solid what's more sure association around economy growth, imports and export.

DATA AND METHODOLOGY

The study of this research, is based on time series data that is taken from" Pakistan bureau of statistics" and "world bank". The data used, for this paper/study is basically time series data, covering for the year of 1960 to 2015. It shows the relationship between import and export, and economic growth of Pakistan, in its regression model is applied where I take GDP is taken as dependent variable, and import and export are as independent variables or both country.

Concepts of Variables Used in the Study

This variable is use in this equation is used, because of its relative significance, on hypothetical and experiential ground. The choice of variables is reliable with the option, made by a number of other researchers.

- **Gross Domestic Product:** Economy's growth of an economy is depending on the size of economy, this shows that, overall output of the economy. Here, we have taken GDP as independent variable.
- **Import**
- **Export**

Model Specification

Unit Root Test

Model is based on "Multiple Regression analysis" Log(y) =c*log (x1) log(x2)

RESULTS AND DISCUSSIONS

Table 1: India Export and Import

Variables	Coefficient	S. Error	T.Statistics	Prob.	R^2	$A.R^2$	f. Statistics	DW
Import	0.408396	0.353474	1.155375	0.2531	0.902367	.898583	0.0000	0.0152
Export	1.332003	0.32954	4.041991	0.0002				

This contains, shows the result is effect on growth. The outcomes demonstrate that, the coefficient of import and export are factually huge and the steady is measurably and significant. Absolutely, the coefficient of import export is observed, to be factually huge at 25 percent level, as demonstrated by its likelihood esteem 0.25 and 0.002 and appropriately marked (positive). This subsequently, suggests 1 percent increase, in inflation diminishes the financial development (GDP), by 24.4 percent. The coefficient of inflation, however not factually significant, but rather is predictable, with the hypothetical desire and observed to be sure (i.e. B1> 0). This high likelihood esteem suggests that, the nearness of that, impact that can refute the parameter is high (31 percent). The consistent is factually significant suggesting that, GDP does rely on upon swelling, as well as different factors may influence GDP. The F-insights.0002, which is a measure of the joint essentialness of the illustrative factors, is observed to be measurably immaterial, at 30 percent level as demonstrated, by the comparing likelihood esteem 0.025. The R2 0.90 (90%) suggests that, 90 percent add up to variety in GDP, is clarified by the relapse condition. Unintentionally, the decency of spasm of the relapse, remained too low subsequent to changing, for the level of flexibility as demonstrated by the balanced (R2 = 0.89or 89).

The Durbin-Watson Measurement 0.0152

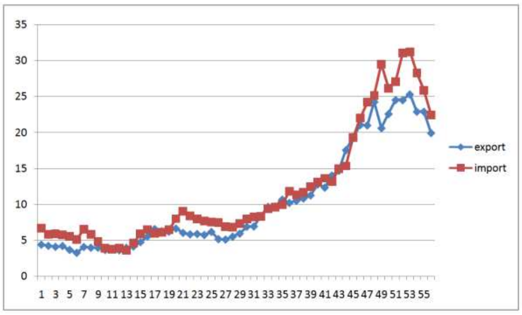

Figure 1: **The Durbin-Watson Insights 0.0523 is Showing the Nearness of Autocorrelation**

Table 2: Pakistan Export and Import

Variables	Coefficient	S.Error	T.Statistics	Prob.	R^2	$A.R^2$	F.Statistics	DW
Import	0.392781	0.079940	4.913423	0.0000	0.982367	0.9768	0.00072	0.0146
Export	0.539539	0.086687	6.224011	0.0000				

This contains, shows the result by regression and its effect on GDP growth. The outcomes show that, the coefficient of import and export are factually huge, and the steady is measurably significant. Correctly, the coefficient of import export is observed to be factually significant, at 39 or 53% percent level, as demonstrated by its likelihood esteem 0.39 and 0.53, and properly marked (positive). This consequently, infers 1 percent expansion, in swelling diminishes the financial development (GDP), by 39 or 53% present. The coefficient of expansion, however not factually significant, but rather is predictable with the hypothetical desire and observed to be certain (i.e. B1> 0). This high likelihood esteem suggests that, the nearness of that impact that, can nullify the parameter is high (31 percent). The steady is measurably significant suggesting that, GDP does rely on upon expansion, as well as different factors may influence GDP. The F-statistics0000, which is a measure of the joint importance of the illustrative factors, is observed to be factually irrelevant at 39 percent level, as shown by the relating likelihood esteem 0.000. The R2 0.98 (23%) suggests that, 89 percent add up to variety in GDP, is clarified by the relapse condition. Fortuitously, the integrity of attack of the relapse, remained too low in the wake of modifying, for the level of opportunity, as demonstrated by the balanced (R2 = 0.97or 97%).

The Durbin-Watson Measurement 0.0146

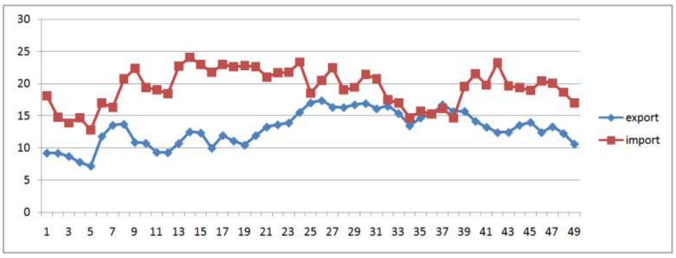

Figure 2: The Durbin-Watson Insights 0.0146 is Low Showing the Nearness of Autocorrelation

Compression between Pakistan and India's Import and Export

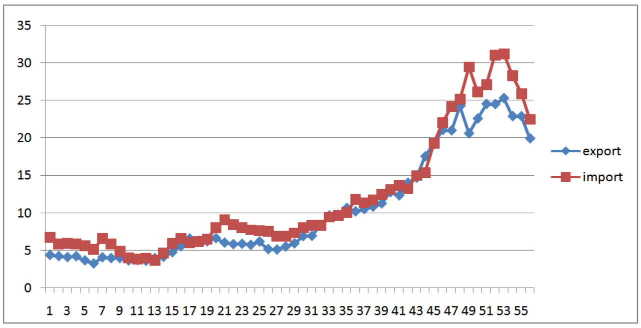

Figure 3: India

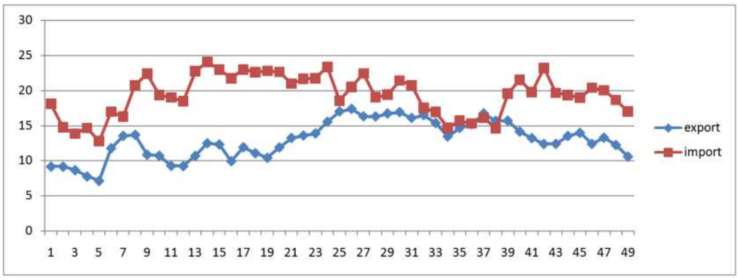

Figure 4: Pakistan

CONCLUSIONS

As we compare both country's import and export, we can see that, there is too much distortion in Pakistan's trade, as compared to India's trade. The difference between import and export of Pakistan, having a less impact on GDP, as compared to the effectiveness of India's trade impact, on their GDP. The future relation between Pakistan with China and India with China, may affect largely on their GDP, by their trade benefit.

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APPENDICES

Table 3: India 1960-2015 Word Bank Data

Year	GDP	Export	Import
1960	37679274491	4.386235338	6.715900358
1961	39920452403	4.229415216	5.854899423
1962	42900864970	4.097124286	5.927858436
1963	49271095508	4.206730237	5.805031998
1964	57470781033	3.661342453	5.587018574
1965	60599264112	3.250469513	5.12174194
1966	46669801600	4.071155083	6.556702397
1967	51014155360	3.964912586	5.84412956
1968	54016411987	3.969164039	4.857782854
1969	59472993627	3.649835891	3.961461928
1970	63517182000	3.717629245	3.812091874
1971	68532117824	3.604002072	3.933421195
1972	72716439112	3.958076733	3.644988416
1973	87014945186	4.136226464	4.64192765
1974	1.01271E+11	4.748054684	5.916806606
1975	1.002E+11	5.549736792	6.532358518

Table 3: Contd.,

Year	GDP	Export	Import
1976	1.04519E+11	6.571272886	6.009305421
1977	1.23618E+11	6.273159826	6.156955209
1978	1.39708E+11	6.20599118	6.474641255
1979	1.55675E+11	6.633310236	8.028373324
1980	1.89593E+11	6.033737872	9.085690564
1981	1.96884E+11	5.833721048	8.423515503
1982	2.04235E+11	5.880179531	8.002292234
1983	2.2209E+11	5.737019691	7.717621055
1984	2.15879E+11	6.175108918	7.592819775
1985	2.36589E+11	5.16399437	7.5137137
1986	2.53352E+11	5.106666391	6.902010145
1987	2.83927E+11	5.50798767	6.859930997
1988	3.0179E+11	5.931204614	7.326741777
1989	3.01234E+11	6.895209448	8.011504589
1990	3.26608E+11	6.93178793	8.307227971
1991	2.74842E+11	8.347845164	8.347103186
1992	2.93263E+11	9.664727766	9.424888474
1993	2.84194E+11	9.717666838	9.648123825
1994	3.33015E+11	10.65707561	10.01443694
1995	3.666E+11	10.2061841	11.81625971
1996	3.99787E+11	10.50646612	11.34535585
1997	4.23161E+11	10.82856928	11.72308263
1998	4.28741E+11	11.25469183	12.46244778
1999	4.66867E+11	12.77323297	13.13321708
2000	4.76609E+11	12.34193985	13.66406087
2001	4.93954E+11	14.01854169	13.20332921
2002	5.23968E+11	14.6902912	14.98154859
2003	6.18356E+11	17.55132848	15.37489378
2004	7.21585E+11	19.28014883	19.30611897
2005	8.34215E+11	21.0694752	22.02504125
2006	9.49117E+11	21.00828952	24.22831779
2007	1.20107E+12	24.26823737	25.15190791
2008	1.18691E+12	20.61624337	29.49691715
2009	1.3239E+12	22.59119463	26.16233312
2010	1.65656E+12	24.54122468	27.09934349
2011	1.82299E+12	24.51635601	31.08449891
2012	1.82899E+12	25.32398333	31.23626217
2013	1.86321E+12	22.91014633	28.30141624
2014	2.04244E+12	22.91014633	25.88941361
2015	2.0954E+12	19.93867892	22.47337528

Table 4: Pakistan Word Bank Data 1976-2015

Year	GDP	Export	Import
1967	7403821772	9.170747	18.11189
1968	8090088413	9.159166	14.77085
1969	8632927105	8.664318	13.86523
1970	10027088673	7.768792	14.66995
1971	10602058003	7.142331	12.78996
1972	9309109507	11.77432	16.98249
1973	6324884157	13.52683	16.30363
1974	8773030762	13.68056	20.77731
1975	11340000679	10.85362	22.39242
1976	13338485494	10.72161	19.37401
1977	15126060229	9.284638	19.02082
1978	17820101313	9.240689	18.47913
1979	19707980062	10.69262	22.75728
1980	23689697680	12.48728	24.09992
1981	28100606598	12.31717	23.01232
1982	30725972231	9.945595	21.7645
1983	28691890864	11.91851	22.97757
1984	31151825047	11.07039	22.62614
1985	31144920868	10.42335	22.81418
1986	31899072714	11.90075	22.6666
1987	33351526336	13.23483	21.00363
1988	38472741069	13.58642	21.67019
1989	40171021121	13.88311	21.74696
1990	40010425585	15.53831	23.37119
1991	45451960732	16.99694	18.55774
1992	48635176853	17.3593	20.52856
1993	51478304860	16.30648	22.44087
1994	51894781282	16.28252	19.04454
1995	60636022423	16.70997	19.42278
1996	63320122807	16.9031	21.42703
1997	62433300338	16.08195	20.77031
1998	62191955814	16.48479	17.52693
1999	62973855719	15.3535	16.96646
2000	73952374970	13.44132	14.68828
2001	72309738921	14.65954	15.71199
2002	72306820396	15.22362	15.31401
2003	83244801093	16.71897	16.12553
2004	97977766198	15.6669	14.63323
2005	1.09502E+11	15.6895	19.56379

2006	1.37264E+11	14.13396	21.54777
2007	1.52386E+11	13.21461	19.77582

Table 4: Contd.,

Year	GDP	Export	Import
2008	1.70078E+11	12.38231	23.21189
2009	1.68153E+11	12.39575	19.6761
2010	1.77407E+11	13.51627	19.35266
2011	2.13755E+11	13.96667	18.97324
2012	2.24646E+11	12.39666	20.40884
2013	2.3115E+11	13.27715	20.05645
2014	2.43383E+11	12.24258	18.65866
2015	2.69971E+11	10.58509	17.0192