INDIAN FOREIGN TRADE

WITH SPECIAL REFERENCE TO OIL TO NON-OIL PRODUCTS

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ABSTRACT

The main objectives of this paper are to differentiate the oil products to non-oil products in terms of exports, imports and trade balance and also know the variability in total exports through the exports of oil and non-oil with some suitable suggestions to strengthen the India's Foreign Trade Policy. The data collected from the RBI Hand Book of 2014 of page number 197. The SPSS 16.0 version was applied to derive the results. The paired samples statistics, paired samples correlation and paired samples tests were applied to infer the results. The study found that exports as well as the imports of oil exceeds the non-oil and the total imports exceeds the total exports, trade balance of oil exceeds the non-oil and these pairs were highly correlated and the exports of non-oil was more favourable towards the total exports, imports of non-oil favourable to total imports and 17.1 percent of variation in total trade balance was explained by the trade balance of non-oil and trade balance of oil. The total trade balance of oil was more favourable response towards the total trade balance. Finally, it was evident that imports of non-oil products were higher in quantity. Hence, the necessary authority should take necessary steps to reduce the payments for obtaining the imported oil products.

Keywords: *Trade Balance, Oil Products, Non-oil Products, Total Exports and Total Imports.*

1. Introduction

The concept of International Business includes the international trade of goods and services, foreign investment, foreign direct investment. The significance of International Business implies the exports the goods and services which are produced over and above the local requirements. These exported goods contribute the foreign exchange by way of exports to meet the import payments. These businesses also facilitate to import the latest technology, best management practices. The domestic business has taken place in the country, where as it takes place between the countries and amongst the countries. In domestic business the payments make in the form of local currency, where as in international payments, it is in the form of universal accepted and convertible currency like US$, European Euro. The trade policies of domestic business applicable to in India only, whereas the trade policy of international business vary from country to country.

2. Review of Literature

Arvind R .Gajakosh and Dr.Savita Trivedi(2014) focused on the declining trend of exports and facilitate additional support to the sectors which have been impacted by recession in the developed world and confirmed that achieved B.K.Shinde (2009), examined the movements in the India's Foreign Trade policy from the period of planning till the financial year Veeramani.C (2007), examined the Sources of India's Export Growth in Pre- and Post- Reform Periods .Alesina et al (2003) showed that ethno linguistic fractionalization is inversely related to economic success and various measure of quality of government, economic freedom and

democracy. Nilanjan Banik (2001) found that the decrease in Indian exports during 1996 - 97 was fall due to the growth rate of export volumes. Alesina and Wacziarg(1998) documented that the share of government spending over GDP is decreasing in population; that is, smaller countries have larger governments. Easterly and Levine(1997) ,La Porta et al.(1999) and Easterly and Levine (1997), in particular, argued that ethnic fractionalization in Africa, partly induced by absurd borders left by colonizers, is largely responsible for the economic failures of this continent. Bolton and Roland (1997) opined that poor regions would like to join rich regions in order to maintain redistributive flows, while richer regions may prefer to be alone.Murphy, Shleifer and Vishny (1989) focused on the benefits of size in models of "take-off" or "big push" of industrialization.

3. Objectives of the Study

The study carried with the following objectives.

1. To differentiate the oil products to non-oil products in terms of the exports, imports and trade balance.
2. To know the variability in total exports through the exports of oil and non-oil.
3. To know the insights of India Trade balance within a study period.
4. To offer suitable suggestions to strengthen the India's foreign trade policy.

4. Methodology of the Study & Data Analysis

The data obtained from the RBI Hand book of 2014 of page number 197. The SPSS 16.0 version was applied to derive the results. The paired samples statistics, paired samples correlation and paired samples tests were applied to infer the results.

Table-1: Total Exports and Total Imports and Total Trade Balance

Year	E-Oil	E-Non-Oil	Total Exports	I-Oil	I-Non-Oil	Total Imports	TB-Oil	TB-Non-Oil	Total Trade Balance
2000-01	1869.7	42690.6	44560.3	15650.1	34886.4	50536.5	-13780.4	7804.2	-5976.2
2001-02	2119.1	41707.6	43826.7	14000.3	37413.0	51413.3	-11881.2	4294.6	-7856.6
2002-03	2576.5	50142.9	52719.4	17639.5	43772.6	61412.1	-15063.0	6370.3	-8692.7
2003-04	3568.4	60274.1	63842.6	20569.5	57579.6	78149.1	-17001.1	2694.5	-14306.5
2004-05	6989.3	76546.6	83535.9	29844.1	81673.3	111517.4	-22854.8	-5126.7	-27981.5
2005-06	11639.6	91450.9	103090.5	43963.1	105202.6	149165.7	-32323.5	-13751.7	-46075.2
2006-07	18634.6	107779.5	126414.1	56945.3	128790.0	185735.2	-38310.7	-21010.5	-59321.2
2007-08	28363.1	134541.1	162904.2	79644.5	171794.7	251439.2	-51281.4	-37253.6	-88535.0
2008-09	27547.0	157748.0	185295.0	93671.7	210024.6	303696.3	-66124.8	-52276.6	-118401.3
2009-10	28192.0	150559.5	178751.4	87135.9	201237.0	288372.9	-58943.9	-50677.5	-109621.4
2010-11	41480.0	209656.2	251136.2	105964.4	263804.7	369769.1	-64484.4	-54148.5	-118632.9
2011-12	56038.5	249925.3	305963.9	154967.6	334352.0	489319.5	-98929.0	-84426.6	-183355.7
2012-13	60865.1	239535.5	300400.7	164040.6	326696.1	490736.7	-103175.5	-87160.6	-190336.0
2013-14	63179.4	251236.3	314415.7	164770.3	285443.3	450213.7	-101591.0	-34207.0	-135798.0
2014-15	57042.3	253491.6	310533.9	138324.7	309223.6	447548.3	-81282.5	-55732.0	-1370145

Source: RBI Handbook 2014, p.197 (USD Mn.)

It discloses the information of export of oil and non-oil as a total export with imports of oil and non-oil as a total imports and projected the information of trade balance of oil as well as non-oil of total trade balance from the period 2000-01 to 2014-15. The total trade balance increased from the -5976.2 in 2000-01 to -1370145 during the year 2014-15.

Table 2: Paired Samples Statistics of Exports of Oil to Exports of Non-Oil

Pair No.	Particulars	**Mean**	**N**	**Std. Deviation**	**Std. Error Mean**
Pair 1	Exports of Oil	2.7340E4	15	23169.51191	5982.34225
	Exports of Non-Oil	1.4115E5	15	81729.36531	21102.43138
Pair 2	Imports of Oil	7.9142E4	15	56337.81339	14546.36087
	Imports of Non-Oil	1.7279E5	15	1.11369E5	28755.46693
Pair 3	Total Exports	1.6849E5	15	1.04723E5	27039.44907
	Total Imports	2.5194E5	15	1.67072E5	43137.68653
Pair 4	Trade Balance of Oil	-5.1802E4	15	33407.69296	8625.82923
	Trade Balance of Non-Oil	-3.1641E4	15	32059.24278	8277.66089

Source: SPSS: Field Study

This table shows the paired samples statistics exports as well as imports of the oil and non-oil. This table indicates that the exports of oil products were more than that of the exports of the non-oil products and also suggested that imports of oil products amount was higher than that of the imports of non-oil than total imports exceeds the total exports and the pair 4 indicates that trade balance of oil was more than that of the trade balance of non-oil.

Table 3: Paired Samples Correlations of Exports of Oil to Exports of Non-Oil

Pair No.	Particulars	N	Correlation	Sig.
Pair 1	Exports of Oil & Exports of Non-Oil	15	.990	.000
Pair 2	Imports of Oil & Imports of Non-Oil	15	.983	.000
Pair 3	Total Exports & Total Imports	15	.994	.000
Pair 4	Trade Balance of Oil & Trade Balance of Non-Oil	15	.912	.000

Source: SPSS:Field Study

This table shows that the relationship between the two variables within a pair. There was a very strong relationship existed between the exports of oil to the exports of the non-oil, and from the imports of oil to the imports of the non-oil and from total exports to total imports and trade balance of oil to the trade balance of non-oil.

Table 4: Paired Samples Tests of Exports of Oil and Non-Oil

		Paired Differences							
Pair No.	Particulars	Mean	Std. Deviation	Std. Error Mean	95 Per Cent Confidence Interval of the Difference		t	df	Sig. (2-tailed)
					Lower	Upper			
Pair 1	Exports of Oil - Exports of Non-Oil	-1.13812E5	58873.21961	15200.99994	-1.46415E5	-81209.17102	-7.487	14	.000
Pair 2	Imports of Oil - Imports of Non-Oil	-9.36508E4	56932.46166	14699.89839	-1.25179E5	-62122.64695	-6.371	14	.000
Pair 3	Total Exports - Total Imports	-8.34423E4	64013.49978	16528.21457	-1.18892E5	-47992.80541	-5.048	14	.000
Pair 4	Trade Balance of Oil - Trade Balance of Non-Oil	-2.01613E4	13784.36630	3559.10807	-27794.82762	-12527.77238	-5.665	14	.000

Source: SPSS:Field Study

Null Hypothesis (H0) : There is no significant difference from the exports of the oil to the exports of the non-oil.

Alternative Hypothesis (Ha) : There is a significant difference from the exports of the oil to the exports of the non-oil.

Analysis : The value of mean was 1.13812E5 at 95 percent confidence interval of the lower difference was the 1.4641.5E5 and the upper difference was the -81209.17 at value of t was 7.487 at df was 14 with a level of significance was 0.000. Hence, it can be concluded that the proposed null hypothesis was rejected and alternative hypothesis was accepted and came to knew that there was a significant difference from exports of oil to the exports of non-oil.

Hypothesis-2 :

Null Hypothesis (H0) : There is no significant difference between the imports of the oil to the imports of the non-oil.

Alternative Hypothesis (Ha) : There is significant difference between the imports of the oil to the imports of the non-oil.

Analysis : The value of mean was 9.36508E4 at 95 percent confidence interval of the lower difference was the 1.25179 and the upper difference was the -62122.64 at value of t was 6.371 at df was 14 with a 0.000 level of significance indicates that there was a significant difference from imports of oil to the imports of non-oil.

Hypothesis-3 :

Null Hypothesis (H0) : There is no significant difference from the total exports to the total imports.

Alternative Hypothesis (Ha) : There is no significant difference from the total exports to the total imports.

Analysis : The value of mean was 8.34423E4 at 95 percent confidence interval of the lower difference was the 1.18892E5 and the upper difference was the -47992.805 at value of t was 5.04 with a degree of freedom was 14 at a level of significance at 0.000 hence it can be concluded that proposed null hypothesis was rejected and alternative hypothesis was accepted

and came to knew that there was a significant difference from the total exports to the total imports.

Hypothesis-4 :
Null Hypothesis (H0) : There is no significant difference from the trade balance of oil to the trade balance of non-oil.
Alternative Hypothesis (Ha) : There is a significant difference from the trade balance of oil to the trade balance of non-oil.

Table 5: Test of More Favourable Response towards the Total Exports

Model	Particulars	B	**Std. Error**	**Beta**	**t**	**Sig.**
1	(Constant)	.036	.061		.590	.566
	Exports of Oil	1.000	.000	.221	2.256E5	.000
	Exports of Non-Oil	1.000	.000	.780	7.959E5	.000

Source: SPSS:Field Study

This table shows the test of more favourable response towards the total exports. The study identified that exports of non-oil was more favourable response towards the total exports and it was followed by the exports of oil.

Table 6: Test of More Favorable Response towards the Total Imports through the Imports of Oil as well as Non-Oil

Model	Particulars	**Unstandardized Coefficients**		**Standardized Coefficients**	t	Sig
1	(Constant)	.009	.022		.430	.675
	Imports of Oil	1.000	.000	.337	9.121E5	.000
	Imports of Non-Oil	1.000	.000	.667	1.803E6	.000

a. Dependent Variable: Total Imports

This table shows the more favourable response towards the total imports. It was observed that the imports of non-oil were the more favourable response towards the total imports rather than the imports of the oil.

Table 7: Variables Entered/Removed[b]

Model	Variables Entered	Variables Removed	Method
1	Trade Balance of Non-Oil, Trade Balance of Oil[a]	.	Enter

a. All requested variables entered

b. Dependent Variable: Total Trade Balance

This table explains the independent variables of the trade balance of the non-oil and trade balance of the oil as an independent variables and the total trade balance was the dependent variables.

Table 8 : Test of Percentage of Variability in Total Trade Balance through the Balance of Oil and Non-Oil

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.414[a]	.171	.033	3.33268E5

Source: SPSS : Field Study

This table shows the test of variability in total trade balance through the trade balance of non-oil and trade balance of oil and indicates that the 17.1 percent of variation in total trade balance was explained by the trade balance of non-oil and trade balance of oil.

Table 9: Test of Difference Between Total Trade Balance through the Trade Balance of Oil and Non-Oil

Model	**Particulars**	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.908E11	2	1.954E11	1.088E14	.000[a]
	Residual	.022	12	.002		
	Total	3.908E11	14			

a. Predictors: (Constant), Trade Balance of Non-Oil, Trade Balance of Oil
b. Dependent Variable: Total Trade Balance

Source: SPSS : Field Study

Null Hypothesis (H0) : There is no significant difference from the total trade balance to the trade balance of non-oil and oil.
Alternative Hypothesis (Ha) : There is a significant difference from the total trade balance to the trade balance of non-oil and oil.
Analysis : The sum of squares of the regression value was much more than that of the sum of squares of the residual value at df was 14 and value of F was the 1.242, significance level was

the 0.323, hence, it can be concluded that the proposed null hypothesis was accepted and alternative hypothesis was rejected and concluded that there was a significant difference between the total trade balance to the trade balance of non-oil and trade balance of oil.

5. Findings of the Study

- The study found that the exports as well as the imports of oil exceed the exports as well as the imports of the non-oil.
- The study also observed that the total imports were more than that of the total exports.
- The study also witnessed that the trade balance of oil was much more than that of the trade balance of non-oil.
- The most important observation was the exports, imports, total exports and trade balance of oil to the non-oil was highly positively correlated.
- The study indentified that there was a significant difference from exports, imports, trade balance of oil to the non-oil and it was also evident that there was a significant difference from the total exports to the total imports.
- The study also observed that there was a significant difference from the total exports to the exports of the non-oil as well as the oil.
- The study observed that exports of non-oil were more favourable response toward the total exports followed by the exports of the oil.
- The study exhibited that imports of non-oil was more favourable towards the total imports and followed by the imports of oil.
- 17.1 percent of variation in total trade balance was explained by the trade balance of non-oil and oil and also found that there was a significant difference between each other.
- It was also remarkably identified that trade balance of oils was more responsible item in a total trade balance, followed by the trade balance of non-oil.

Conclusion and **Suggestions:** In the period of globalization Foreign Trade has turned into the life saver of any economy. Its basic role is not simply to procure of outside trade, but rather to fortify more noteworthy monetary movement. The Export Import arrangement of a country must be of a focused and facilitative nature that aides in supporting nearby ventures as national champions and empowers them to contend all around and get to be title holders. Administration part has turned into the biggest and the most quickly growing division in many economies, representing great more than 60 per cent of world GDP. Administrations represent a huge offer of generation and livelihood in many economies and are coming to overwhelm the financial exercises of nations at for all intents and purposes each phase of advancement, making administrations exchange progression a need for the incorporation of the world economy.Finally, it can be concluded that imports of non-oil products were higher in quantity, but the trade balance of oil was more responsible towards the total trade balance. Hence, the necessary authority should take necessary steps to reduce the payments for obtaining the imported oil products.

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