

# INDIA'S FOREIGN TRADE PERFORMANCE OF SRI LANKA – WITH SPECIAL REFERENCE TO AGRICULTURAL PRODUCTS

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## ABSTRACT

The studies seek to establish a relationship between the agricultural products of export and import of India. Foreign trade is nothing but trade among the different countries in this world. India is the largest manufacturer of fresh vegetables, fresh fruits, and major spices as well as numerous dry fruits, tea and coffee, meat and raw materials. At this point is the list of the top 15 largest agricultural products produced in India by price/quantity. The nation has second everywhere throughout the world regarding agricultural products. Farming is the most imperative segment in the Indian financial system. Indian cultivation division financial statement for 18 percent of India's gross domestic product (GDP) and provides to 50% labor countries labour force. India is the world's biggest producer of pulses, rice, wheat, spices, and spices products. Sri Lanka has usually pursued a two-sided agricultural policy. One was functional to the plantation sector, which grows export crops and tea, rubber and coconut. The segment benefited from some incentives provided for export expansion and foreign exchange. The other was functional to the non-plantation sector, based on smallholder manufacture of mainly basic foods. In their present examination, a sum of 37 groups related to farming products. The statistical techniques working to analyze the data include linear forecast model Equation, correlation. The examination likewise uncovered a positive and the connection among India and Sri Lanka exchanges the rural part.

**Keywords:** Foreign trade, Sri Lanka and Agricultural products.

## Introduction

Foreign exchange has been becoming quicker than world yield demonstrating that the International market is extending quicker than local markets. There are absolutely numerous Indian firms too whose outside business is becoming quicker than the local business. The monetary changes during the 1990s and the affirmation of the Agreement on Agriculture (AoA) with WTO had a significant effect and reclassified horticultural exchange on the global stage just as in India. In the current past, Indian farming exchange different items has involved a significant spot in world agrarian exchange. Today, India is the most significant provider of a few agrarian wares, for example, rice tea, espresso, flavors, new leafy foods, meat and marine items to the global market.

Foreign trade in India includes all imports and exports to and from India. The connection between these two South Asian economies goes back to a few hundred years in history as both the nations have fabricated widely upon an inheritance of scholarly, social, strict and semantic intercourse.

## Literature review

**Namita Kaur and Vishal Sarin (2017)** in their article "Comparative Advantages and Competitiveness of Indian Agricultural Products Exports to ASEAN in context of India's Look East Policy" have stated that strengthening trade relations with East Asian countries has always been a matter of priority for two reasons. First,

India wants to reduce dependence on developed countries as far as its trade is concerned and second, India wants to exploit the large potential of growth lying with East Asian Countries. In this direction, the most coveted "Look East Policy" came into existence and India got its first free trade agreement in the form of India-ASEAN free trade agreement (AIFTA). But owing to its heavy reliance on agriculture, India never enjoyed a convincing position in agriculture products trade with ASEAN countries in particular and the world, in general. This research paper measured the Indian export competitiveness vis-à-vis ASEAN countries in case of agriculture products and found that the products which India exported to ASEAN countries from 2001-15 showed a little change in the comparative advantage and competitiveness.

**Anuj Gupta (2016)** in his article "Export of India's Agro Processed Food Products: A study of Tea" investigated the fare of agro-prepared nourishment particularly tea, its pattern, heading, world's fare and measures to improve trade. The investigation uncovered the situation of India's tea send out on the planet advertise. It has been discovered that Iran, Russia, the UK, the USA, and UAE are the significant shippers of tea from India; henceforth they should be centered more. China is the biggest merchant of tea at the worldwide market, while Iran is the biggest buyer of India's dark tea. Government arrangements and establishments assume a significant job in improving the fare of tea. Then, the household interest for this item is likewise expanding because of the expansion in populace and other related elements. The generation of tea should likewise be expanded by receiving different strategies.

## Objectives

- ✓ To study the theoretical structure for the agricultural products trade within India.
- ✓ To investigate India's export performance of agricultural products to Sri Lanka.
- ✓ To examine Import performance of agricultural products from Sri Lanka.

## Research methodology and data sources

The secondary data were collected from journals, research articles, research reports, government reports, conference proceedings, magazines, newspapers and websites. Secondary data are used to study the growth of agricultural and processed food exports during the study period of ten years 2009-10 to 2018-19.

## Limitations of the study

- In their based on data collected from annual reports, magazines, and internet but the use of the reports, statement and interpretations has a few limitations.
- The researcher can take only one country not all over the world.
- The present study is based on secondary data.

## Hypotheses

- ✓ There is a significant relationship between Exports of India's agricultural products Quantity and Value to Sri Lanka.
- ✓ There is a significant relationship between Imports of Agricultural Products Quantity and Value from Sri Lanka.

## Results and discussion

**Table-1** Linear forecast model Equation Export of Agricultural Products to Sri Lanka

Year	Linear forecast model Equation	Export-Quantity (Metric Tonnes)	Value (Rs in crore)
2009-10		225029.29	447.94
2010-11		247110.47	503.49
2011-12		301695.64	664.68
2012-13		239346.19	603.73
2013-14		392576.23	968.06
2014-15		1040098.54	2792.75
2015-16		396004.78	1267.41
2016-17		538779.59	1362.82
2017-18		894949.75	2533.92
2018-19		417719.80	1142.47
2019-20	Export-Quantity= [469331.028(11)+51951.559]; Export Price = [1228.727(11)+168.304]	755064.6025	2154.399
2020-21	Export-Quantity= [469331.028(12)+51951.559]; Export Price = [1228.727(12)+168.304]	807016.1625	2322.703
2021-22	Export-Quantity= [469331.028(13)+51951.559]; Export Price = [1228.727(13)+168.304]	858967.7205	2491.007
2022-23	Export-Quantity= [469331.028(14)+51951.559]; Export Price = [1228.727(14)+168.304]	910919.2795	2659.311
2023-24	Export-Quantity= [469331.028(15)+51951.559]; Export Price = [1228.727(15)+168.304]	962870.8385	2827.615

Source: Researcher Computed

### Interpretation:

The estimated Linear Regression model for the forecast of:

- Export Quantity = [469331.028(Period)+51951.559];
- Export Price = [1228.727 (Period)+ 168.304]

The corresponding R<sup>2</sup> value is found to be:

- Export Quantity = 0.558 [Which means the equation has 55.8% accuracy in forecasting]
- Export Price = 0.620 [Which means the equation has 62.0% accuracy in forecasting]

As per the Linear Regression equation obtained:

- It is expected that India's agricultural product export in terms of quantity to Sri Lanka during the year 2020 would be 755064.6025 MT, 2021 would be 807016.1625 MT, 2022 would be 858967.7205 MT, 2023 would be 910919.2795 MT and during 2024 would be 962870.8385 MT.
  - The agricultural product export performance of India with respect to Sri Lanka is expected to increase in forthcoming years in terms of quantity in comparison with the current year i.e. 2019.
- It is expected that India's agricultural product export in terms of price to Sri Lanka during the year 2020 would be 2154.399 Rs. Crore, 2021 would be 2322.703 Rs. Crore, 2022 would be 2491.007 Rs. Crore, 2023 would be 2659.311 Rs. Crore and during 2024 would be 2827.615Rs. Crore.
  - The agricultural product export performance of India with respect to Sri Lanka is expected to increase in forthcoming years in terms of Price in comparison with the current year i.e. 2019.

**Table -2** Correlation Analysis

		Export Quantity	Export Value
Export Quantity	Pearson correlation	1	.991
	Sig.(2-tailed)		.000
	N	10	10
Export Value	Pearson correlation	.991	1
	Sig.(2-tailed)	.000	
	N	10	10

\*\*Correlation is significant at the 0.01 level (2-tailed)

The estimated significance value for the variables; Sri Lanka-Export-Quantity [Metric Tons] and Sri Lanka-Export-Price [Rs. Crore] is 0.000 which is less than 0.05, so there is a significant relationship between the variables. The calculated correlation [R] value is 0.991, which indicates there is a strong positive relationship between the considered variables; Sri Lanka-Export-Quantity [Metric Tons] and Sri Lanka-Export-Price [Rs. Crore].

**Table-3** Linear forecast model Equation Import of Agricultural Products from Sri Lanka

Year	Linear forecast model Equation	Import-Quantity (Metric Tons)	Value (Rs in Crore)
2009-10		6185.39	70.28
2010-11		9083.05	123.31
2011-12		12863.67	149.39
2012-13		7478.52	123.58
2013-14		25124.58	256.94
2014-15		55369.00	671.28
2015-16		58814.85	673.22
2016-17		37364.86	396.27
2017-18		21128.72	400.99
2018-19		3513.76	31.34
2019-20	Import-Quantity= [23692.64(11)+2224.452]; Import Price = [289.66(11)+29.642]	35927.126	452.691
2020-21	Import-Quantity= [23692.64(12)+2224.452]; Import Price = [289.66(12)+29.642]	38151.578	482.333
2021-22	Import-Quantity= [23692.64(13)+2224.452]; Import Price = [289.66(13)+29.642]	40376.03	511.975
2022-23	Import-Quantity= [23692.64(14)+2224.452]; Import Price = [289.66(14)+29.642]	42600.482	541.617
2023-24	Import-Quantity= [23692.64(15)+2224.452]; Import Price = [289.66(15)+29.642]	44824.934	571.259

Source: Researcher Computed

**INTERPRETATION:**

The estimated Linear Regression model for the forecast of:

- Import Quantity = [23692.64 (Period)+ 2224.452];
- Import Price = [289.66(Period)+ 29.642]

The corresponding R<sup>2</sup> value is found to be:

- Import Quantity = 0.330 [Which means the equation has 33.0% accuracy in forecasting]
- Import Price = 0.378 [Which means the equation has 37.8% accuracy in forecasting]

As per the Linear Regression equation obtained:

- It is expected that India's agricultural product import in terms of quantity from Sri Lanka during the year 2020 would be 35927.126 MT, 2021 would be 38151.578 MT, 2022 would be 40376.03 MT, 2023 would be 42600.482 MT and during 2024 would be 44824.934 MT.
  - The agricultural product import performance of India with respect from Sri Lanka is expected to increase in forthcoming years in terms of quantity in comparison with the current year i.e. 2019.
- It is expected that India's agricultural product import in terms of price from Sri Lanka during the year 2020 would be 452.691 Rs. Crore, 2021 would be 482.333 Rs. Crore, 2022 would be 511.975 Rs. Crore, 2023 would be 541.617 Rs. Crore and during 2024 would be 571.259 Rs. Crore.
  - The agricultural product import performance of India with respect from Sri Lanka is expected to increase in forthcoming years in terms of Price in comparison with the current year i.e. 2019.

**Table -4** Correlation Analysis

		Import Quantity	Import Value
Import Quantity	Pearson correlation	1	.973**
	Sig.(2-tailed)		.000
	N	10	10
Import Value	Pearson correlation	.973**	1
	Sig.(2-tailed)	.000	
	N	10	10

\*\*Correlation is significant at the 0.01 level(2-tailed)

The estimated significance value for the variables; Sri Lanka-Import-Quantity [Metric Tons] and Sri Lanka-Import-Price [Rs. Crore] is 0.000 which is less than 0.05, so there is a significant relationship between the variables. The calculated correlation [R] value is 0.973, which indicates there is a strong positive relationship between the considered variables; Sri Lanka-Import-Quantity [Metric Tons] and Sri Lanka-Import-Price [Rs. Crore].

## **Conclusion**

From the analyst has been dissected India's remote exchange of horticultural items is presently the previous significant limit for globalized in Sri Lanka. In their Export and Import help increment their remote trade esteem. Be that as it may, the specialist through 55.8 percent of the rural items fares to Sri Lanka. India and Sri Lanka are one of the exchange relationship nations for SAARC all possibilities and chances to develop quicker like ASEAN and BRICS other than created nations. The specialist communicates a cheerful possibility that this exploration work. Here India needs to more fare rural and import of fewer amounts of agrarian items from Srilanka.

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