



ANALYSIS OF INDIA'S TRADE WITH BANGLADESH DURING PRE AND POST COVID-19

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INTRODUCTION

In 2021-22, Bangladesh has emerged as the largest trade partner for India in South Asia and the fourth largest destination for Indian exports worldwide. Exports to Bangladesh grew more than 66% from USD 9.69 billion in financial year 2020-21 to USD 16.15 billion in financial year 2021-22. Despite Covid-19 related disruptions, bilateral trade grew 44% from USD 10.78 billion in 2020-21 to USD 18.13 billion in 2021-22. The Trade relationship has had a sizeable effect on India with Bangladesh bilateral relationship. The geographical proximity of India to Bangladesh has made it considered one of its biggest export and import. India's trade with Bangladesh has seemingly rapid increase in current years. There are pressing issues in Bangladesh regarding the massive bilateral trade deficit with India and the big volumes of casual imports from India throughout the land border which keep away from Bangladeshi import responsibilities. However, there are few analytical research that suggest the likely impact of such phenomena, the prevailing record tries to attract out cutting-edge situation of bilateral change between Bangladesh and India and to degree the distance between nations and deciding on problems for similarly research about how can those gap may be mitigated ancient, cultural and economic ties among India and Bangladesh, the two countries have always been more than neighbour, sharing now not only not unusual borders and rivers but also subculture, language and heritage that have been further bonded by using shared memories and sacrifices throughout our independence war, 1971.

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India was the primary nation who declared Bangladesh as a separate and an independent nation. Being one of the fundamental players in South Asia, both India and Bangladesh greatly impact the socio-political and monetary demography of the region and members of the family between them influences the destiny of South Asia. Both

the international locations can benefit immensely by way of enhancing bilateral trade and investment. The change dating of Bangladesh and India has witnessed speedy increase in current years.

. The beginning of year 2020 was marked by some of the largest reductions in trade and output volumes since World War II. The declines in both world industrial production and goods trade in the first half of 2020 were of similar depth to those at the trough of the Global Financial Crisis (GFC). Nevertheless, they materialised and disappeared more quickly, facilitating a V-shaped recovery in 2020. Trade continued to grow strongly in 2021 and has compensated some, but not all, of the accumulated losses from the steep declines seen earlier. However, for designing such strategies there is a need to assess the extent to which the global pandemic may impact on total merchandise exports and imports.

According to the report by United Nation Conference on Trade and Development, the result exhibits that India's exports to the world are highly responsive to income changes. One per cent decline in GDP growth of the world exports will lead to a 1.88 per cent decline in Indian export growth.

Hence an earnest attempt has been made to examine the India's trade with Bangladesh during pre and post Covid-19 turmoil. The present study is based on secondary data. The statistical tool used in this study is Paired t-test.

Literature Review:

Waheeduzzaman(2002) observed that restrictions have been reduced and incentives are many in this region. Yet then, concern about the regulatory framework, bureaucracy, marketing infrastructure is there. Piecemeal approach may not take the big picture into account.

World Bank(2006) commented that the static simulation results show export expansion for India in all products except garments. In these instances, consumer welfare gains far outweigh losses in government revenue or producer surplus in Bangladesh. But these gains could be extremely limited unless infrastructure and administrative capacities are expanded at the borders. **Basu and Datta(2007)** depicted that Bangladesh should follow an appropriate exchange rate policy and aim at diversification at export structure in order to avoid Dutch disease and to reduce bilateral trade deficit.

Gazi et al.(2014) observed that Indian manufacturing sector is strong and have diversified product support, This advantageous position and location advantage attract Bangladesh business community to import capital machinery, raw materials and finished goods from India causing high import growth.

. OBJECTIVES OF THE STUDY

1. To analyse India's Exports and Imports with Bangladesh during the pre-Covid19.
2. To investigate India's Exports and Imports with Bangladesh during the post – Covid19.

HYPOTHESIS

Ho1: There is no significant difference on India's Exports with Bangladesh during the pre- Covid19.

Ho2: There is no significant difference on India's Imports with Bangladesh during the post- Covid19.

DATA SOURCE AND METHODOLOGY

The source of secondary data used in this study has been collected from UN Trade, the methodology adopted in this study is trend analysis and descriptive statistics. In this research paper paired t test has been applied to find the impact of Covid-19 on Exports and Imports of India with Bangladesh during the pre- Covid-19 and post- Covid-19. The period of the study was from 2018 to 2021.

TABLE1: INDIA'S EXPORTS TO BANGLADESH (PRE AND POST COVID-19)

Year	Month	Exports (US Billion)	Year	Month	Exports (US Billion)	trade balance (US Billion)
2018	JAN	0.74	2020	JAN	0.70	-0.04
2018	FEB	0.76	2020	FEB	0.80	0.03
2018	MAR	0.90	2020	MAR	0.65	-0.25
2018	APR	0.75	2020	APR	0.16	-0.60
2018	MAY	0.64	2020	MAY	0.32	-0.32
2018	JUNE	0.55	2020	JUNE	0.56	0.01
2018	JULY	0.69	2020	JULY	0.77	0.08
2018	AUG	0.80	2020	AUG	0.75	-0.06
2018	SEP	0.75	2020	SEP	0.81	0.05
2018	OCT	0.75	2020	OCT	0.79	0.04
2018	NOV	0.72	2020	NOV	0.73	0.01
2018	DEC	0.68	2020	DEC	0.87	0.20
2019	JAN	0.63	2021	JAN	0.95	0.32
2019	FEB	0.69	2021	FEB	0.95	0.26
2019	MAR	0.91	2021	MAR	0.98	0.07
2019	APR	0.73	2021	APR	0.99	0.26
2019	MAY	0.67	2021	MAY	1.07	0.40
2019	JUNE	0.53	2021	JUNE	1.13	0.60
2019	JULY	0.57	2021	JULY	1.14	0.57
2019	AUG	0.58	2021	AUG	1.17	0.60

2019	SEP	0.73	2021	SEP	1.24	0.52
2019	OCT	0.73	2021	OCT	1.27	0.54
2019	NOV	0.71	2021	NOV	1.45	0.74
2019	DEC	0.76	2021	DEC	1.72	0.96

Trend Analysis of India's Exports to Bangladesh:

. The above table 1 below depicts the India's Exports with Bangladesh, during pre covid-19 and post covid -19 has increased consistently with little fluctuations. The data frequency is expressed on monthly basis, from Jan 2018 to Dec 2019 is pre global pandemic and from Jan2019 to Dec 2021 was post global pandemic. The highest exports was registered in August 2018 was \$0.80 billion and lowest was registered in June 2019 was \$0.53 billion. In post global pandemic scenario expect a few months trade was declined but all other period trade has increased consistently. The highest exports was registered in Dec 2021 was \$1.72 billion and lowest was registered in April 2021 was \$0.99 billion. An attempt has been made to measure the impact of global pandemic by making a comparison of India's Exports with Bangladesh during pre and post Global Pandemic using paired't' test with the SPSS package, result is depicted below

Hypothesis Testing

H₀: There is no significant difference of global pandemic on India's Exports with Bangladesh.

H₁: There is significant difference of global pandemic on India's Exports with Bangladesh.

t-Test: Paired Two Sample for Means		
	<i>Exports (billion)</i>	<i>Exports billion</i>
Mean	0.708063933	0.916493989
Variance	0.009034469	0.115680484
Observations	24	24
Pearson Correlation	-0.092425634	
Hypothesized Mean Difference	0	
df	23	
t Stat	-2.824511574	
P(T<=t) one-tail	0.004806177	
t Critical one-tail	1.713871528	
P(T<=t) two-tail	0.009612354	
t Critical two-tail	2.06865761	

The p - value is less than 0.05 and hence the null hypothesis is rejected. There is no significant effect of Global pandemic on Exports, indicates that the exports during post Global pandemic has been significantly higher as compared with pre Global pandemic. The macroeconomic indicators are fundamentally strong. Hence Global pandemic on India's Export to Bangladesh is increasingly significant

TABLE2: INDIA'S IMPORTS FROM BANGLADESH (PRE AND POST COVID-19)

Year	Month	Import (US Billion)	Year	Month	Import (US Billion)	Trade Balance (US Billion)
2018	JAN	0.07	2020	JAN	0.14	0.07
2018	FEB	0.06	2020	FEB	0.11	0.05
2018	MAR	0.08	2020	MAR	0.08	0.00
2018	APR	0.06	2020	APR	0.01	-0.05
2018	MAY	0.07	2020	MAY	0.01	-0.06
2018	JUNE	0.06	2020	JUNE	0.02	-0.04
2018	JULY	0.07	2020	JULY	0.10	0.03
2018	AUG	0.08	2020	AUG	0.09	0.01
2018	SEP	0.07	2020	SEP	0.11	0.04
2018	OCT	0.10	2020	OCT	0.12	0.02
2018	NOV	0.09	2020	NOV	0.10	0.01
2018	DEC	0.07	2020	DEC	0.13	0.06
2019	JAN	0.10	2021	JAN	0.10	0.00
2019	FEB	0.14	2021	FEB	0.10	-0.04
2019	MAR	0.09	2021	MAR	0.10	0.01
2019	APR	0.07	2021	APR	0.14	0.07
2019	MAY	0.08	2021	MAY	0.09	0.01
2019	JUNE	0.07	2021	JUNE	0.16	0.09
2019	JULY	0.10	2021	JULY	0.11	0.01
2019	AUG	0.10	2021	AUG	0.14	0.04
2019	SEP	0.11	2021	SEP	0.20	0.09
2019	OCT	0.12	2021	OCT	0.22	0.10
2019	NOV	0.11	2021	NOV	0.19	0.08
2019	DEC	0.11	2021	DEC	0.21	0.10

Trend Analysis of India's Imports from Bangladesh:

. The table 2 above depicts the India's Imports from Bangladesh, during pre -covid-19 and post covid -19 has increased consistently with great fluctuations. The data frequency is expressed on monthly basis, from Jan 2018 to Dec 2019 is pre global pandemic and from Jan2019 to Dec 2021 was post global pandemic. The highest imports was registered in September 2019 was \$0.11 billion and lowest was registered in June 2018 was \$0.06 billion. In post global pandemic scenario expect a few

months trade was declined but all other period trade has increased consistently. The highest Imports was registered in Dec 2021 was \$0.21 billion and lowest was registered in May 2020 was \$0.01 billion.

An attempt has been made to measure the impact of global pandemic by making a comparison of India's Imports with Bangladesh during pre and post Global Pandemic using paired 't' test with the SPSS package, result is depicted below

t-Test: Paired Two Sample for Means		
	<i>Imports Billion</i>	<i>Imports billion</i>
Mean	0.087618445	0.116194867
Variance	0.000461758	0.003070937
Observations	24	24
Pearson Correlation	0.545897066	
Hypothesized Mean Difference	0	
df	23	
t Stat	-2.962855238	
P(T<=t) one-tail	0.003485744	
t Critical one-tail	1.713871528	
P(T<=t) two-tail	0.006971489	
t Critical two-tail	2.06865761	

Hypothesis Testing

H₀: There is no significant difference of global pandemic on India's Imports from Bangladesh.

H₁: There is significant difference of global pandemic on India's Imports from Bangladesh.

The p - value is less than 0.05 and hence the null hypothesis is rejected. There is no significant effect of Global pandemic on Imports, indicates that the Imports during post Global pandemic has been significantly higher as compared with pre Global pandemic. The macroeconomic indicators are fundamentally strong. Hence Global pandemic on India's Imports from Bangladesh is significant not like exports.

CONCLUSION

This study investigates the effect of Covid-19 on Exports and Imports for India with Bangladesh using time series monthly data from 2018 to 2021. Further, the study also analysed the trends and patterns of India's Exports and Imports with Bangladesh. The result revealed that the India's Export has increased consistently before Covid-19, with low fluctuations after Covid-19. India Imports has increased consistently during pre- Covid-19 and great volatility after Covid-19. The result also suggests that the growth rate of exports was more than the growth rate of

import. The result of paired sample “t” test suggests that there was a positive effect of Covid-19 on India’s Exports to and Imports from Bangladesh. With strong Macroeconomic fundamentals of Indian Economy it will able to absorb shocks of caused by pandemic, on the exports and imports. But recent challenges between India and Bangladesh trade, will lead trade a sustainable one or not.

References:

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