

CONTRIBUTION OF EXTERNAL AND INTERNAL DEMAND “GROWTH SCENARIO OF GROWTH PRE AND POST LIBERALIZATION PERIOD”

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ABSTRACT: *Main objective for any economy is growth with sustainability with the change in technology and increased investments exports can increased and would take to higher growth and increase in GDP. But more so if experts by the developing countries do not expand, it is the internal domestic demand that would lead an economy towards growth. The best model to treat and maintain stability is to increase domestic demand. For trimming an economy for high growth it is necessary that increase in socio-economic of infrastructure specifically health and education of the country is taken care in which fold*

Key Words: External, Export led demand, Internal Domestic Demand, Politico-socio- Cultural Changes and Impact on Economy Growth.

INTRODUCTION

Every country's objective is taken up its economic growth higher year after year leading to high per capita income and higher standard of living to high per capita income and higher standard of living of their respective citizen, specifically for the democratic countries in which the rules come to rule through electors. Thus growth trade (demand) of/ for the economy, domestic needs and demand exports are a few aspects that are important and more to say is necessary. For this the ruling parties become responsible and have to make certain guided policies to reach the economic stage, where the population feels satisfied and is not annoyed by masses to bring back such persons to lead them in the exercise of development and growth. In doing so the masses, whether are with the existing party person or needs a change. This is so because politico-Socio-economic more hand in hand as a single trend from above cannot move above. To prove it secondary is needed to make a policy (mission) for the needs of the society. Society is needed to demand and this demand can be fulfilled by production i.e use of different factors of production capital, labour, material, and machine viz (employment to factors of production. This process would lead to income to factor, which would create demand leading to development, progress and growth year after year. It has been the global openness that the trade has been expanding supporting expansion of trade among countries of the world.

Getting rid of controls, licenses, quotas dismantling barriers leading to form a strategy, which would not only support to trade or lead an economy towards growth i.e in movement of large scale output keeping the inventory ratio at optimum level i.e a continuous flow of stock at less cost and faster movement of supply satisfying the demand earlier at lower cost and for fast consumption so that demand again is generated. Countries with higher capital from with their and flow from other countries, started more exports and experienced higher economic growth.

WHY THIS SPECIFIC TOPIC:

Many experts and economist have given various models showing the process of development and growth. Henrich is one such experts, who with tax structure have shown that any developing economy in its initial years of process of developing indirect tax shall be higher. This model shows that any economy produces more for the consumption of such goods, whose demand is more within a country at domestic level. Similar is the case of internal demand, the country (its corporate sector) begin exports trade with other countries leading to external demand, who have liberal trading rule a few.

Henrich: "Trade among countries (experts) lead to higher revenue for the government(country) from where experts take place." In the fewer developing countries also the consumption rate of goods and demand is higher. In such countries indirect tax share is high in the total revenue. But after some penetrated years in income of the poperlateair starts increasing. This leads (to higher demand) due to their higher income. This is provides higher revenue through direct tax- higher production and higher capital gains(profit) leads to higher revenue. This situation leads to interdicting indirect and direct tax revenue total outcome. This is the optimum stage, where the economy reaches the developed stage. Per capita income at the peak sitting the example of japan he has tried to prove his model of intersection of direct- indirect sections. South korea, Taiwan and Sigapore are some such examples in 1970s and 1990s mid years.

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Pachoo-Lopez (2008S): "Various antitrade activities are called off like lessening tariff. Almost countries in the world have shifted from inward to convert strategy of development." Today all countries prefer dismantling tariff barriers. Countries with more liberal policy, attained higher growth rate through exports.

OBJECTIVES:

- 1) To know the growth of internal domestic demand.
- 2) To know the development of internal domestic demand.
- 3) To know the accountability of internal domestic demand.
- 4) To know the export led growth of developing nation.

C= Private consumption, G= government Consumption, I=Gross domestic investment/ Gross Domestic Formation (Contribution of expenditures categories) or (growth in GDP), NX= Net Export, X= Export, I= Import, DD= Domestic Demand. These variables are taken for the study of Contribution of External and Internal Demand "Growth Scenario of Growth Pre and Post Liberalization Period". These variables prove in helping to find out the relationship between and also the recession in the export is favorable condition or not. The analysis will give a clear idea about the movement of the economy. For the study the data is collected and analyzed for the further study to know the variations and effect on import and export when there is changes in the other dependent variables which has been taken for the study.

| Contribution of Internal and External Demand to Growth(YoY) | | | | | | | | | |
|---|--------|-------|---------|--------|--------|--------|--------|--------|------|
| Year | C | G | I | D | DD | X | M | | NX Y |
| 1991-92 | 137.34 | -1.96 | -398.61 | 301.34 | 38.11 | 62 | 0.11 | 61.89 | 100 |
| 1992-93 | 31.99 | 7.67 | 49.67 | 33.6 | 122.94 | 6.57 | 29.51 | -22.94 | 100 |
| 1993-94 | 60.52 | 14.93 | 10.94 | 28.05 | 114.43 | 21.23 | 35.66 | -14.43 | 100 |
| 1994-95 | 48.09 | 2.51 | 64.44 | 3.37 | 118.41 | 15.57 | 33.98 | -18.41 | 100 |
| 1995-96 | 52.06 | 11.84 | 23.35 | 18.56 | 107.81 | 34.92 | 42.73 | -7.81 | 100 |
| 1996-97 | 65.78 | 7.08 | 2.98 | 11.17 | 87 | 8.57 | -4.43 | 13 | 100 |
| 1997-98 | 47.26 | 31.12 | 85.24 | -17.24 | 146.37 | -5.85 | 40.53 | -46.37 | 100 |
| 1998-99 | 66.61 | 23.61 | 15.65 | 18.29 | 124.16 | 21.43 | 45.59 | -24.16 | 100 |
| 1999-00 | 43.67 | 16.85 | 49.91 | -19.09 | 91.33 | 20.83 | 12.17 | 8.67 | 100 |
| 2000-01 | 55.46 | 4.65 | -38.92 | 44.43 | 65.62 | 52.46 | 18.08 | 34.38 | 100 |
| 2001-02 | 76.13 | 6.19 | 23.3 | -7.6 | 98.02 | 11.28 | 9.3 | 1.98 | 100 |
| 2002-03 | 47.06 | -0.6 | 48.8 | -17.71 | 77.54 | 69.66 | 47.21 | 22.46 | 100 |
| 2003-04 | 46.58 | 4.21 | 50.83 | 9.03 | 11.65 | 17.87 | 28.52 | -10.65 | 100 |
| 2004-05 | 39.61 | 5.7 | 102.56 | -15.19 | 96.68 | 51.09 | 47.77 | 3.32 | 100 |
| 2005-06 | 55.08 | 10.46 | 57.43 | -4.5 | 118.47 | 49.29 | 67.76 | -18.47 | 100 |
| 2006-07 | 53.8 | 4.44 | 50.4 | 1.18 | 109.82 | 44.49 | 54.31 | -9.82 | 100 |
| 2007-08 | 55.74 | 10.1 | 67.08 | -19.32 | 113.6 | 13.48 | 27.08 | -13.6 | 100 |
| 2008-09 | 107.74 | 27.53 | -52.33 | 88.9 | 171.84 | 80.72 | 152.56 | -71.84 | 100 |
| 2009-10 | 52.25 | 17.96 | 72.34 | -37.22 | 105.34 | -13.11 | -7.78 | -5.34 | 100 |
| 2010-11 | 50.26 | 6.48 | 52.74 | -6.98 | 102.5 | 39.87 | 42.37 | -2.5 | 100 |
| 2011-12 | 81.6 | 11.42 | 23.6 | 22.94 | 139.55 | 53.08 | 92.63 | -39.55 | 100 |
| 20012-13 | 63.37 | 14.41 | 42.93 | -0.61 | 120.11 | 25.74 | 45.85 | -20.11 | 100 |

The Domestic and export led growth strategy defines, when high export growth is accompanied with high GDP growth. It would be domestic demand led if domestic demand grows by GDP income growth. Domestic demand led growth DD increases NX also increases and finally seen G increases were domestic demand led growth. Domestic demand increasing and net growth reducing if GDP growth is positive it is domestic demand led growth DD increases NX decreases, G increases results strictly domestic demand led growth. If growth is led by domestic demand and net exports both and if the growth in net export is weak then former i.e. domestic demand says weak export led growth. So, DD increases NX increases, G increases weak export led growth. This Leads to recession in export and domestic demand both and they decrease. It shells be situation i.e DD decreases NX

Decreases and G decreases i.e Economic Recession. One thing is clear, when net export are negative domestic demand shall be increasing and be above 100 percent. This is because much of the exports earnings will go to imports purchase. This difference between two aspects the difference is too small when compared to DD.

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