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RESEARCH ARTICLE

ANALYSIS OF INDIA-VIETNAM BILATERAL TRADE RELATIONS DURING PRE-&POST STRATEGIC PARTNERSHIP

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Abstract

The relations between India and Vietnam have been strengthening in both social and economic aspects. The bilateral trade and investment relations between the two countries are on an upward trend. In this context, the present paper analyses the trade relationship between India and Vietnam and provides an overview of the trade relations. The study also examines the trade performances before and after strategic performances. The main findings of the study show that before 2017, India's exports are more intensive than imports with Vietnam and Vietnam's imports are more intensive than exports with India. However, since 2017, this trend is slightly reversed and Vietnam's exports are more intense than imports with India. Furthermore, it is found that the host country's GDP and exchange rate have a significant impact on India and Vietnam's bilateral exports.

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Introduction:-

Trade and foreign investment have driven strong growth in both developed and developing economies. Developing countries' exports and investments have consistently grown faster than those of developed countries. Faster growth, higher income levels, improved productivity, increased employment and greater opportunity are some of the many benefits an economy receives when it is open to international trade and investment [The World Bank 2018]. Lower income households also benefit from trade and investment, as consumers have more affordable options for goods and services [Erixon 2018]. The strategic relationship between two countries is strengthened by economic ties in the form of trade and investment. This has therefore stimulated the growth of export and investment earnings for the economies of India and Vietnam. Similarly, the institutional mechanism and the bilateral treaties provide the framework for a gradually strong relationship in the case of both countries [Kumar 2008].

India -Vietnam relationship is traditional, friendly and strengthened throughout its history. Bilateral relations between India and Vietnam have grown stronger since 1972, when the two countries established diplomatic relations, and have been nurtured over the past 50 years by a great deal of effort on both sides [LL ThOH,ngNga 2022]. The economic reforms in India (Liberalization, Privatization, and Globalization) and Vietnam (DoiMoi) put forward various new opportunities for both the economies in the areas such as infrastructure development and capacity building [Nayyar 2019]. The bilateral cooperation between India and Vietnam is a time-tested relationship

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that has been upgraded from Comprehensive Partnership in 2003, to Strategic Partnership in 2007, to Comprehensive Strategic Partnership in 2016 in various fields including agriculture, manufacturing, economic, defense and political.

While Vietnam's relations with other countries go up and down, cooperation between Vietnam and India is always strengthened and developed by the continuous bilateral visits of the leaders of the host countries [Nguyễn Thị Hồng Mai 2021]. Economic and trade relations between India and Vietnam are growing steadily as Vietnam is an important regional partner for India under its "Look East" policy. In addition, both economies cooperate in various regional forums such as the World Trade Organization, the United Nations, the East Asia Summit, ASEAN, the Asia-Europe Meeting and the Mekong-Ganga Cooperation [Pradhan 2020].

Literature Reviews:-

In today's globalized world, bilateral trade and investment play an important role in the economic development of all countries, and India-Vietnam is no exception [World Trade Organization 2021]. Mehta [2005] examined the composition, level and growth of merchandise trade between India and Vietnam. The study found that if a duty-free regime is agreed between the two countries, there are a number of sectors in which India has export potential such as edible fruits and nuts, textiles and apparel, fruits and vegetables, and transport vehicles. Jha [2008] shows that India-Vietnam relations are mostly driven by their mutual concerns and common experiences based on history, for example, they have good relations with the former Soviet Union while facing aggression from China. Kumar [2008] examines the economic relations between New Delhi and Hanoi.

The study identified the potential sectors for investment opportunities such as knowledge-based industries, steel, oil, gas, and transportation. Mishra [2014] found that bilateral economic cooperation between the countries is mostly in the form of loans and development assistance from India to Vietnam. Mullen and Prasad [2014] show that Vietnam's strategic and economic importance to India has increased over the past decade due to India's rapid economic growth and subsequent desire for open trade through the South China Sea, development partnership with Southeast Asia, and energy security.

Khan [2017] highlights some of the challenges facing the India-Vietnam relationship, such as the border dispute with China and Beijing's misinterpretation of the India-Vietnam ties. Van [2019] has found that Vietnam and India have explored areas such as economy, politics, security and defense, science, education, and culture to build their bilateral relations. Bragina [2019] studied the bilateral trade between Vietnam and India by focusing only on main products for the bilateral cooperation and introduced the driving force behind the development of this trade tie in 21st century. This article also introduced briefly the reasons why both countries have mutual interests for extending and diversifying trade tie and showed the priority of China and the USA policies for the commercial cooperation with Vietnam. Uyanaev [2022] traces the history and stages of bilateral relations, mutual interests and their limiters. The conclusion of the study is a favorable prospect of relations between the two countries, which meets the interests of Russia.

Objectives Of The Study:-

1. To analyse India's Exports and Imports with Vietnam during the pre- strategic trade agreement.
2. To investigate India's Exports and Imports with Vietnam during the post -strategic trade agreement.

Hypothesis

Ho1: There is no significant difference on India's Exports with Vietnam during the strategic trade agreement.

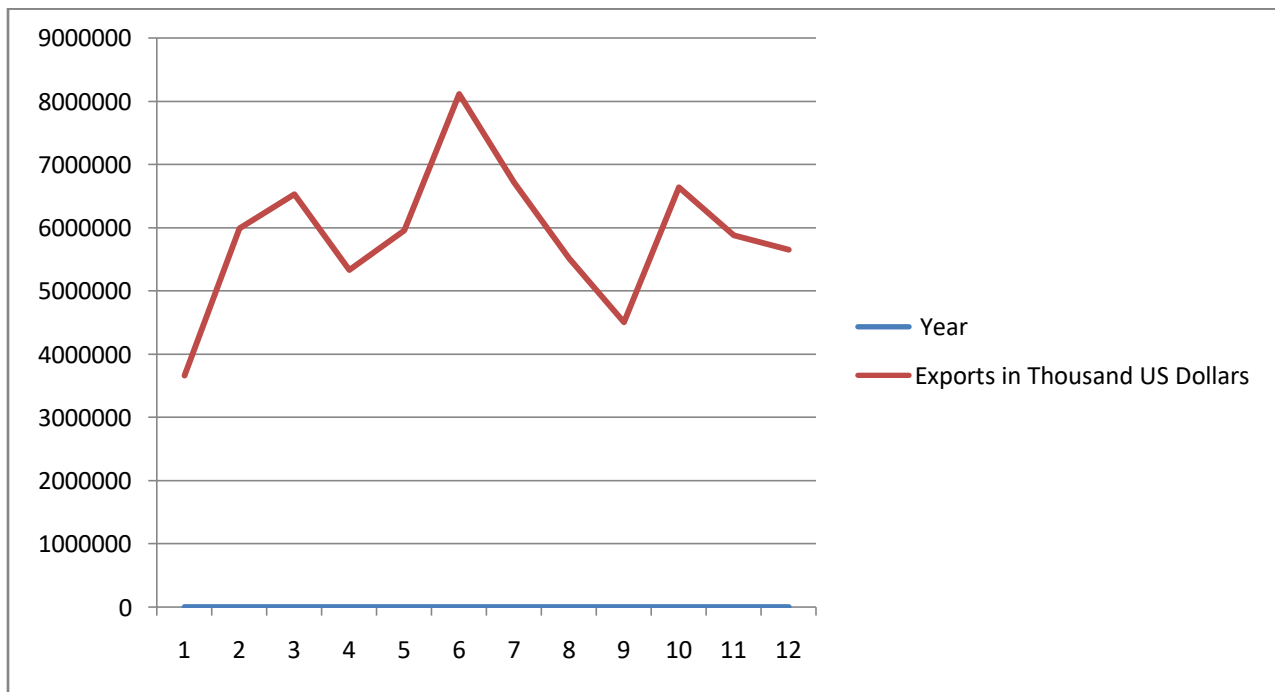
Ho2: There is no significant difference on India's Imports with Vietnam during the strategic trade agreement.

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 strategic trade agreement on Exports and Imports of India with Vietnam during the pre- the strategic trade agreement and post- the strategic trade agreement. The period of the study was from 2012 to 2023.

Table1:- India’sExportstoVietnam(Pre-& PostStrategic Agreement).

Year	Exports in Thousand US Dollars
2012	3,658,160
2013	5,987,614
2014	6,526,524
2015	5,330,982
2016	5,956,938
2017	8,116,919
2018	6,715,614
2019	5,512,870
2020	4,500,549
2021	6,638,390
2022	5,880,778
2023	5,652,211



Hypothesis Testing

Ho: There is no significant difference of Strategic Trade Agreement on India’s Exports with Vietnam.

H1: There is significant difference of Strategic Trade Agreement on India’s Exports with Vietnam.

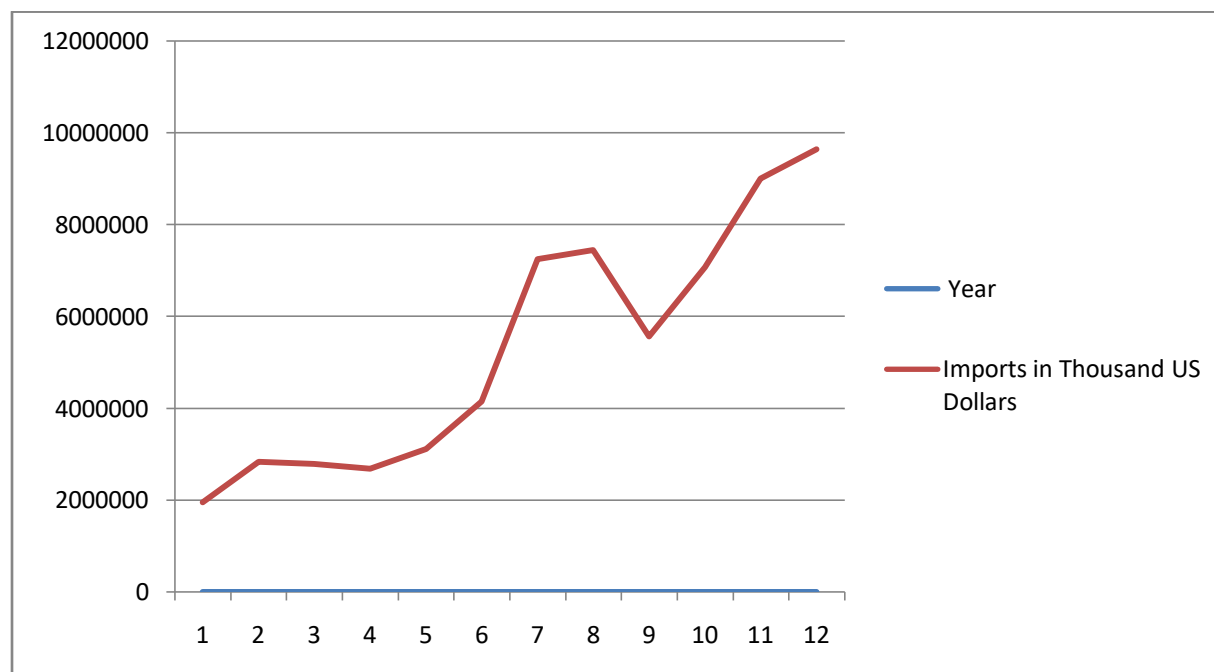
t-Test: Paired Two Sample for Means	Pre-strategic Agreement period 2012-17	Post strategic Agreement period 2018-23
	India exports to Vietnam	India exports to Vietnam
Mean	5929522.833	5816735.333
Variance	2.13252E+12	6.6779E+11
Observations	6	6
Pearson Correlation	-0.619270033	
Hypothesized Mean Difference	0	
df	5	
t Stat	0.133567378	
P(T<=t) one-tail	0.44947707	

t Critical one-tail	2.015048373	
P(T<=t) two-tail	0.898954139	
t Critical two-tail	2.570581836	

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

Table2:- India's Imports from Vietnam (Pre & Post Strategic Agreement).

Year	Imports in Thousand US Dollars	
2012	1,945,485	
2013	2,826,668	
2014	2,781,693	
2015	2,681,722	
2016	3,105,465	
2017	4,140,090	
2018	7,246,953	
2019	7,446,093	
2020	5,564,634	
2021	7,075,315	
2022	9,004,743	
2023	9,639,146	



t-Test: Paired Two Sample for Means	Pre-strategic Agreement period 2012-17	Post strategic Agreement period 2018-23
	India imports from Vietnam	India imports from Vietnam
Mean	2913520.5	7662814
Variance	5.11412E+11	2.13482E+12
Observations	6	6
Pearson Correlation	0.672969045	

Hypothesized Mean Difference	0	
df	5	
t Stat	-10.44752834	
P(T<=t) one-tail	6.92617E-05	
t Critical one-tail	2.015048373	
P(T<=t) two-tail	0.000138523	
t Critical two-tail	2.570581836	

The p - value is greater than 0.05 and hence the null hypothesis is accepted. There is significant effect of strategic trade agreement on Imports, indicates that the Imports during post strategic trade agreement have been significantly lesser as compared with pre strategic trade agreement. The macroeconomic indicators are not fundamentally strong. Hence strategic trade agreement on India's Import to Vietnam is less significant.

Conclusion:-

Along with defence and strategic ties, India has attempted to boost economic relations with Vietnam. Modi's policy navigation from "Look East" to "Act East", which essentially aims to strengthen ties with the extended neighbourhood of the Asia Pacific region and to expand ties between India and Vietnam to the level of "Comprehensive Strategic Partnership", makes Vietnam extremely critical in India's eastward outreach. Vietnam on its part has actively supported the Act East policy as it facilitates India's larger role in the region. Also, Vietnam is ASEAN's Coordinator for ASEAN-India Dialogue Relations from 2015 to 2018, which can be utilised to further increase the cooperation. India is now among Vietnam's top ten trading partners and during Modi's 2016 visit, the two nations have agreed to explore substantive and practical measures, like the Joint Sub-Commission on Trade, to achieve the trade target of US\$15 billion by 2020. They have also signed a civil nuclear agreement in 2016, which is expected to further boost bilateral trade between them.

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