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An empirical study of gross domestic product for emerging nations in the world

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Abstract

Gross domestic product is the total market value of all final goods and services from a country in a given year. Nations are shorted by nominal Gross Domestic product estimates from financial and statistical institution, which are calculated at market or government official exchange rates. Nominal Gross Domestic Product does not take into account difference in the cost of living in difference countries and the result can vary greatly from one country to another. In this study researcher try to identified emerging nation in the world because of that time period should be considered as 3 years which was 2017 to 2019. For the collection of data secondary source are used and descriptive type of research conducted to identify the emerging nations in relation with gross domestic product in the world. In this study major finding was United State, Chine shows first and second position in relation with Gross domestic product and India considered as emerging nation because in 2017 it was in seventh position and in the year 2019 it took fifth potion out of all the nations' countries.

Keywords: GDP = Gross Domestic Product, Word Bank, IMF = International Monetary Fund, Unites State of Statistical Division, U.K. = United Kingdom PPPs = Purchasing Power Parities BRICS = Brazil, Russian Federation, India and china, FDI = Foreign Direct Investment)

Introduction

Gross Domestic product is usually calculated on a yearly basis and it can be also calculated on the basis of quarterly. GDP is the monetary value of all finished goods and services made within a country during a specific period. It is provided economic condition of a country, used to estimate a size of an economic and growth rate. In the GDP all private and public consumption, government outlays, investment, additional to private stock or inventories, paid construction cost should be considered. Gross domestic product is single most significant indicator to capture counties economic activities but it is not as important for societies' wellbeing and its material living standards. Usually countries calculate GDP in its own currencies but in order to compare across nations these amounts converted into a common currency. It is seen that the conversion is made with the help of current exchange rates but these can give a misleading comparison of the true volume of finished goods and services in respect of gross domestic product. Outcomes of this barrier PPPs (Purchasing Power Parities) is a better approach. The main aspect of PPPs are currency converters that control for differences in the price level of products and services between countries. It also allow an international comparison of the volume of GDP and of the size of economies.

Literature review

(Naughton, 1996) ^[4] Have analysed, China's Emergence and prospects as a trading nation and in this study they identified china's economic reforms and its opening to the outside world have resulted in the phenomenal growth of its output and international trade. Manufacturing export growth tool off after 1984, and GDP growth accelerated as well and between 1984 and 1995, real GDP Grew by 10.2 percent annually, according to Chinese statistics.

(Paul C. Sutton, 2007) ^[5] have analysed estimation of gross domestic product at sub-national scales using Night time satellite imagery. In this study the identified that the degree of uncertainty in measurement or validation of national economic data such as gross domestic product for the nation.

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In some circumstances it is very useful to provide evidence for the validation in claims of some nation regarding their economic activities and productivity. In this study major finding was exploration of feasibility of developing predictive relationship between observed changes in night-time satellite images obtained from the defence meteorological satellite program for the changes in population and gross domestic product (GDP). (Lakstutiene, 2008) [3] has analysed correlation of the indicators of the financial system and gross domestic product in European union countries. In this study researcher identified that beginning of 21th century leads to tendency of development of financial system and problems arising in this sector are more becoming object of scientific research as successfully functioning financial sector in every country. The major result of this study was the dependency of the financial sector and the growth of economy of the “old” European Union countries, as it is determine the growth of economic of market based financial systems.

(Hsiao Tien Pao, 2011) [2] have studied on Multivariate Granger causality between CO₂ emissions, energy consumption, FDI (Foreign Direct Investment) and GDP (Gross Domestic Product): Evidence from a panel of BRIC (Brazil, Russian Federation, India and China) countries. In this paper researcher identified the impact of economic growth and financial development of environmental degradation using co integration technique for the period between 1980 and 2007. The major finding of the was method of managing both energy demand and FDI increasing both investment in the energy demand and foreign direct investment increasing both investment in the energy supply and energy efficiency to reduce carbon dioxide emissions and with the help of this compromising the country’s competitiveness can be adopted by energy dependent BRIC countries.

(Anne B. Martin, 2012) [1] have analysed Growth in US Health Spending Remained Slow in 2010; Health share of Gross Domestic Product was unchanged from 2009. In this study researcher analysed that medical goods and services are important even so recession had a dramatic effect on their utilisation. US health spending grew more slowly in 2009 and 2010 at the rate of 3.8% to 3.9%. Overall finding

of the study indicated health spending began to converge in 2010, as a result the health spending share of GDP stabilized 17.9%.

(Richard J Cebula, 2012) [6] has analysed the impact of economic freedom on per capita real GDP among OECD nations over the 2002-2006, with each OECD nation during this time frame being treated as “economic region” within the OECD. The study finds strong initial support for the impact of OECD nations. Major finding of this study was higher the degree of economic freedom, the higher the level of economic activity.

Scope of the study

Geographical scope

This study based on overall the world in which emerging nations of the world should be considered for the study. The most ten emerging economy like United states, China, Japan, Germany, India, United Kingdom, France, Italy, Brazil and Canada should be analyzed.

Functional scope

Functional scope of the study was to identify nations which give wider contribution to overall production of the world in concern with goods and services.

Objective of the study

- To identify emerging nations in the world in relation with gross domestic product.
- To compare GDP with other nations GDP.

Hypotheses

H₀ = There is no significant difference between emerging nations and GDP

H₁ = There is significance difference between emerging nations and GDP

Research methodology

Data Sources

The study covers gross domestic product of emerging nation in which World, Bank, International Monetary Fund (IMF), United Nations Statistical Division should be consider for the time period of 2017 to 2019.

Table 1: Data analysis and finding

2019		2018		2017	
Country	GDP (In US\$ Mn)	Country	GDP (In US\$ Mn)	Country	GDP (In US\$ Mn)
Unit. States	2,14,39,453	Unit. States	2,04,94,100	Uni. States	1,94,85,394
China	1,41,40,163	China	1,36,08,152	China	1,22,34,781
Japan	51,54,475	Japan	49,70916	Japan	48,72,415
Germany	38,63,344	Germany	39,96,759	Germany	39,93,204
India	29,35,570	U.K.	28,25,208	U.K.	26,31,228
United Kin.	27,43,586	France	27,77,535	France	25,82,492
France	27,07,074	India	27,26,323	India	25,75,666
Italy	19,88,636	Italy	20,73,902	Brazil	20,55,512
Brazil	18,47,020	Brazil	18,68,626	Italy	19,43,835
Canada	17,30,914	Canada	17,12,510	Canada	16,47,120

(Source: International Monetary Fund, World Bank, Unlisted State Statistical Division)

Analysis

Above table show gross domestic product of top 10 Countries during the study period 2017, 2018 and 2019. In selected years United States possess leading position in relation with gross domestic product and contribute majority share to the world. In the year 2017 total GDP in use dollar was 1, 94, 85, 394 million and after that it was increased by

5% in the year 2018. In the year 2019 GDP growth rate was 4.62%. China possess second largest economy to contribute the world and also know that chain possess largest population in the world that can be reviled that they are used maximum their resource in the contribution to the world. United States and chine growing fast than other countries because its gross domestic product shows higher change in

relation with previous year. In this study countries should be consider but European Union contributed 1,87,05,132 million in US dollar in the year 2019 that is higher than china. Germany shows decreasing its amount of GDP, but Japan shows increasing trend in relation with amount of GDP. In the year 2017 and 2018 India and France shows more or less same amount of GDP take the place at 7th and 8th respectively but after that in the year 2019 India stood at 5th position and after United Kingdom, France, Italy, Brazil and Canada. In the year 2017 Brazil have eighth position but in the year 2018 and 2019 it stood at ninth position before Canada and it indicated decreasing of GDP in total amount. During the study period Canada reveals not satisfactory increasing in gross domestic product and it possess tenth position out of whole world's gross domestic product in total amount.

Table 2: Hypothesis testing using one way anova

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	1.05E+15	9	1.17E+14	578.6317	3.63E-22	2.3928
Within Groups	4.04E+12	20	2.02E+11			
Total	1.06E+15	29				

Above table indicated one way Anova for testing hypothesis at the 5% level of significance. One way Anova *p-value* 3.64E-22 which is less than 0.05 means null hypothesis should be rejected that is indicated there is significant difference between emerging nations and Gross domestic product.

Findings

- In this study major finding is that there are four countries which was United states, China, Japan, Germany have been took a first to forth position respectively so they can develop their economy and maintain their resources to utilise maximum output.
- After four countries there are some other countries that increase their GDP positively. In this list India, United Kingdom, France should be considered. They are try to develop their economy as much as it can be possible.

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