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Trade Liberalization and Diversification in Indian Agriculture

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The paper finds that trade liberalization in Indian agriculture has expectedly promoted specialization in areas of advantage, namely the superior cereals and gone against diversification towards oilseeds. Trade liberalization seems to have picked up where green revolution left off while diversification suffered portending some well known ill effects. Since oilseeds that lose in the process and coarse cereals they replace and that have been on a decline for some decades are suited to dry environments whereas the superior cereals demand more water and other costly inputs, there is a need to seriously consider the concerns of diversity, sustainability and poverty in a heterogeneous agriculture when negotiating trade and designing policy.

Banking in India

Interest Rate, NPA and Financial Fragility

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Commercial banks play a very important role in the economy of any country. They constitute the most useful intermediary in the financial markets, who have a vital role in ensuring the efficacy of all monetary and fiscal measures. Their continued good health and sustained viability are therefore of immense significance for any economy. Measures to ensure their well-being are of paramount importance in order to maintain a high level of investor confidence.

In India, financial liberalization has opened up new vistas for the commercial banks and they can now operate as universal banks offering, under one roof, all kinds of financial services including project financing and leasing. Besides, banks are allowed to go in for investment in securities also. However, the guidelines for direct lending have not been touched so far. Consequently, there are restrictions on the ways in which banks in India can deploy their available resources.

In this article, an analysis has been carried out to show how such structural restrictions translate into what is often termed as interest rate rigidities for banks. How the loan losses impact on their interest spread as well as the urgent need to improve the framework for recovery of banks' NPAs has also been gone into. Moreover, the scope for moral hazards in banks, which are limited liability entities, has been explored and need for efficient risk management as well as effective risk-based supervision for ensuring their sustained viability has been analyzed and commented upon. A cut-off risk for bankable projects has also been worked out. The findings are interesting because the analysis takes into account the real life constraints faced by the banking sector and the results reflect the realities of this sector.

Horticultural Exports during the Post-WTO Regime:

A Commoditywise Analysis

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Horticultural commodities are becoming an increasingly important source of export earnings for a number of countries. India has taken a number of measures to boost the export of horticultural commodities. World Trade Organization (WTO) came into being on 1 January 1995, and this marked the beginning of a new era of international trade. Initially, it was expected that India would be a net beneficiary under this trade regime with greater access to the world market. Therefore, an attempt was made to examine the changing pattern in the commodity basket, comparative advantage and direction of trade in horticultural commodities in the post reform period. A total of 132 items registered an increase, both in quantity and value terms in the post-WTO period. The share of these commodities increased to 83 per cent in post-WTO period from a level of 67 per cent in pre-WTO period. All these commodities were classified into two broad categories on the basis of their value elasticities (EV) - (a) commodities with EV greater than unity, and (b) commodities with EV less than unity. It is relatively more paying to put export promotion efforts on the former category of exportables rather than the latter. The country continues to have comparative advantage in a number of horticultural commodities over the period. Contrary to the general perception, it was revealed that India does not have comparative advantage in a large number of horticultural commodities. In order to improve the comparative advantage, it is necessary to reduce the cost of production, improve productivity, create efficient post-harvest management and processing, provide infrastructural facilities and policy support. Processed horticultural commodities were exported mainly to developed nations especially Europe, America, Japan, and the UK, whereas fresh fruits & vegetables found greater share of markets in Gulf countries, ASEAN and SARRC nations. Future export promotion efforts must encourage adherence to quality standards by following good manufacturing practices (GMP), HACCP and SPS standards.

WTO and Dairy Trade

Recent Developments in Trade Negotiations

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This paper critically analyzes the extent of liberalization of international dairy trade under WTO rules. The paper is organized into four sections. The first section presents a brief history of international dairy trade negotiations under GATT. The broad disciplines of GATT and the current issues related to their implementation are presented in the second section. The recent developments on agricultural trade negotiations are presented in the third section and the concluding remarks are made in the final section.

A Study of Export Marketing and other Business Practices of Select Garment Exporters

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The Apparel industry is one of the largest sources of foreign exchange in the country. India exported garments worth US\$6.46 billion in 2003. With the Multi-Fibre Arrangement (MFA) phase-out coming to an end in December 2004, India could be the big winner after China. India has the potential to increase its share from US\$6 billion to US\$20 billion by 2010. The dismantling of the quota regime presents both an opportunity as well as threat. Export markets will no longer be restricted for want of quotas whereas there looms a threat also, because markets will no longer be guaranteed by quotas. There is a need to devise new strategies, thus moving from cost-based competition to time-based and value-based competition. This paper examines the export marketing and other business practices of apparel exporters situated in Delhi and Ludhiana region. It also highlights the areas which required immediate attention of the owners of the studied units. In addition, the paper identifies the strategies for garment exporters that will help them in increasing their export share.

Internationalization of Indian Firms

Progress and Perspective

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In the background of deepening and widening of globalization, many developing nations have introduced policies of internationalization leading their firms to assume a transnational character. In this background, Indian entrepreneurs have also intensified their overseas expansion. Towards this, they received a strong government support in the form of liberal policy regime facilitating easy outflow of capital. The mounting foreign exchange reserves have also helped them in their endeavours. Thus, stories of Indian firms going global and becoming successful became more and more frequent. The present paper attempts to explore the progress, mindset, and perspective of Indian firms in their global expeditions. It highlights major characteristics of India's investment abroad in terms of volume, geographical spread and sectoral pattern in the post-reform period especially since the mid-nineties. It also makes a comparison of recent trends with that of the pre-reform period to reflect upon the changing mindset and perspective of Indian business community.