

FOREIGN TRADE REVIEW

Quarterly Journal of
Indian Institute of Foreign Trade

OBJECTIVES OF *FTR*

Global economic relations among the nations today have undergone significant changes in the last 20 years. Several trade blocs have emerged with powerful economic backing along with an emerging consensus that countries should reduce the barriers in the way of free international trade. The pattern of trade of the developing countries has changed significantly and operations of multinational corporations have contributed to that change. New areas have emerged in the arena of trade during the GATT Negotiations.

In the international financial system in the post Bretton Woods System era, a very strong regime of international fund managers has acquired the centre stage and this has imparted volatility in the financial system. The developed countries are finding it more difficult to attend stability both in the financial and real sectors in international trade. All these require fundamental research to have the necessary policy prescriptions suitable for a developing country like India. There is a lack of forum in the dissemination of research in the field of international trade and related areas.

The *Foreign Trade Review* is an international quarterly intended to fill the urgent need as explained above. The Indian Institute of Foreign Trade - an apex institution for research, training and consultancy in the broad areas of international trade has taken up the task of the publication of the journal. The following are the objectives and scope of the journal:

- To provide a forum for debate and discussion of high quality theoretical and empirical research in the areas of international trade, finance and marketing.
- To provide an outlet for research in evaluation and interpretation of innovations in the instruments and methods in the areas of trade.
- To transmit information on system and policy developments, and wide statistical information related to international trade and the international bodies facilitating international trade transactions.
- To provide a forum for discussion on the areas relevant for the negotiations in WTO.

The Journal invites research papers covering areas and problems consistent with the objectives as laid down above. It also welcomes papers on policy relevance and operational aspects.

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IN THIS ISSUE

Agricultural Exports of India in the New Economic Environment

By *Dr. R.K. Kaundal*, Faculty Member,

Department of Economics, Govt. P.G. College Una, Distt. Una (HP).

and

Shri Manoj Sharma, Ph.D Scholar,

Department of Economics, Himachal Pradesh University, Shimla (HP).

Agriculture sector plays a pioneering role in the development of the Indian economy, as it provides employment to about 2/3rd of the total population and contributes to the national income considerably. Agricultural exports have been the backbone of India's export efforts and they expect to do so for its future export growth. Agricultural exports contribute around 13 per cent to India's total export earnings. Agricultural exports are sustainable and their potential to grow is very high. The present paper is an attempt to analyze the issues of growth and instability of India's principal agricultural exports in the new economic environment.

India's Comparative Advantage in Farm Trade in the Emerging Trade Order

By *Shri Ramphul*, Lecturer, and *Dr. Ved Pal*, Reader,

Department of Business Economics, Guru Jambheshwar University, Hisar (Haryana).

The present study analyzes the competitiveness of Indian agriculture in the WTO regime. The efficiency indicators at exportable hypothesis indicate that in the emerging liberalized farm trade order, India's export competitiveness is much better in commercial crops. The results of present study reflect that, at the margin, resources are more efficiently utilized in the cultivation of gram and rapeseed/mustard than in the cultivation of wheat at current levels of technologies and prices, and India has vast export potential provided that Agreement on Agriculture (AOA) remove developed countries trade barriers and withdraw domestic support to their agriculture. To generate adequate exportable surplus, India must maintain and enhance its production efficiency. The technology upgradation and infrastructure development are key domestic measures for enhancing competitiveness of Indian agriculture.

FDI: A Tool for Economic Development

By *Dr. Badar Alam Iqbal*, Former Fulbright Visiting Professor,
Department of Commerce, Aligarh Muslim University, Aligarh (UP).

India is on a transition from a planned economy to an open market one. The ongoing process of transition (initiated way back in 1991) needs enormous amount of financial resources to carry forward the agenda of transformation. In this respect, the options open for Indian economy namely are - Official Development Assistance (ODA), Loans or commercial borrowings and Foreign Direct Investment. As the domestic saving ratio to GDP is just 24 per cent, India has no option other than to depend on external sources of finance. The convenient and effective option is to invite larger amount of FDI. FDI inflows to Indian economy have become a necessity. Keeping in mind its importance, role and contribution in the process of transformation of Indian economy as a modern or developed economy, the present paper makes an attempt to analyze and suggest how FDI would be an effective medium to promote growth and development of the country and how it can help to attain global competitiveness.

WTO: World Trade Report 2006

Executive Summary

THE *World Trade Report 2006* begins with a short summary of salient trends in international trade based on the Secretariat's earlier Report issued in April. We also provide brief analytical commentaries on certain topical trade issues, which this year cover recent trends in trade in textiles and clothing, an examination of the evolution of international royalty and fee payments, developments in the trade of least-developed countries, and an analysis of the effects of natural disasters and acts of terrorism on international trade flows. The core topic for analysis in *WTR 2006* is Subsidies. The Report explores this area of policy in terms of how subsidies are defined, what economic theory can tell us about subsidies, why governments use subsidies, the most prominent sectors in which subsidies are applied, and the role of the WTO Agreement in regulating subsidies in the context of international trade.

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