

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

India's Exports: An Analysis of Export Growth and Instability in the Post-reform Period

By *Dr. Dinkar Nayak*, Associate Professor, Department of Business Economics, Faculty of Commerce, M.S. University of Baroda (Gujarat).

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ABSTRACT

Exports play a crucial role in the economy of a country. The necessary foreign exchange earnings came through this process of export are utilized by many countries in their development process. Sudden fluctuation or sign of volatility in the export trend can upset the foreign exchange earnings and hence their development drive. This export instability is a matter of great concern before developing economies. This paper makes an attempt to understand and analyze this issue in detail.

Price Competitiveness of India's Exports to ASEAN

Dr. Amal Sarkar, Head of the Department of Economics, Narasinha Dutt College, Calcutta University, Howrah, West Bengal.

ABSTRACT

India emphasized the look east policy since early nineties. As a part of its export promotion strategy, it is essential to know the key determinants of export of these products to ASEAN. In this direction, the present paper has made an attempt to find the main determinants of India's exports of the major commodity groups to ASEAN. The top ten commodity groups, which have been found in this study, are gems & jewellery, machinery & instruments, dyes & intermediates, primary & semi-finished iron & steel, oil meal, drugs/pharmaceuticals & fine chemicals, transport equipment, electronic goods, inorganic/organic/agro-based chemicals, and manufactures of metals in recent years. Among these items, gems & jewellery, machinery & instruments, dyes & intermediates and transport equipment have registered higher growth in last five years.

To explore the determinants, an export demand function has been formulated at the commodity level. As regards to results, it has performed very well in terms of sign and significance of the explanatory variables. It can be said that all the commodities under study, except oil-meal, are not only price competitive in the ASEAN market but also very much elastic in demand. These elasticities are indicative of the fact that real devaluation of Indian rupee against dollar has high impact on India's export of these products to ASEAN market. Further, economic growth in ASEAN region would also be helpful for expanding India's exports of these products to that region. This study reveals valuable insight for policymakers in formulating either a commercial or exchange rate policy.

Users' Perspective on Inland Container Depots in Rajasthan

A Study of Rajasthan Small Industries Corporation

Dr. Harsh Dwivedi, Associate Professor, R.A. Poddar Institute of Management Studies, University of Rajasthan, Rajasthan.

Hari Shankar Pande, Assistant Professor cum Placement Coordinator, Subodh Institute of Management and Career Studies, Jaipur (Rajasthan).

ABSTRACT

This study deals with the users' perception on Inland Container Depots (ICDs) in Rajasthan. It is an attempt to understand that how far the users of ICDs are satisfied with the procedures, documentations, storage, facilities and amenities and the control of time to maintain quality service used by Rajasthan Small Industries Corporation. The study concludes that there are several things to be updated and upgraded to bring the overall satisfaction amongst the users. The implication of the study is that these state owned institutions must adopt competitive strategies to meet the challenges of change in the area of international management.

ECONOMIC SURVEY 2009-10

State of the Indian Economy and Prospects

ABSTRACT

The fiscal year 2009-10 began as a difficult one. There was a significant slowdown in the growth rate in the second half of 2008-09, following the financial crisis that began in the industrialized nations in 2007 and spread to the real economy across the world. The growth rate of the gross domestic product (GDP) in 2008-09 was 6.7 per cent, with growth in the last two quarters hovering around 6 per cent. There was apprehension that this trend would persist for some time, as the full impact of the economic slowdown in the developed world worked through the system. It was also a year of reckoning for the policymakers, who had taken a calculated risk in providing substantial fiscal expansion to counter the negative fallout of the global slowdown. Inevitably, India's fiscal deficit increased from the end of 2007-08, reaching 6.8 per cent (budget estimate, BE) of GDP in 2009-10. A delayed and severely sub-normal monsoon added to the overall uncertainty. The continued recession in the developed world, for the better part of 2009-10, meant a sluggish export recovery and a slowdown in financial flows into the economy. Yet, over the span of the year, the economy posted a remarkable recovery, not only in terms of overall growth figures but, more importantly, in terms of certain fundamentals, which justify optimism for the Indian economy in the medium to long term.

GUIDELINES FOR AUTHORS CONTRIBUTING ARTICLES TO FOREIGN TRADE REVIEW (FTR)

Manuscripts submitted for publication must be in English. Electronic manuscript (floppy/CD) will be accepted provided it comes with a hard copy. All manuscripts should be typed in double space, in MS-WORD format with tables, diagrams, graphs, charts, etc., in Excel in black colour only on one side of the paper, with a wide margin (minimum one inch) on either side.

They are accepted for publication on the understanding that they contain unpublished work not submitted for publication elsewhere. Any special feature relating to the paper such as its presentation in a seminar/conference must be clearly indicated at the bottom of the first page.

The first page should contain the title of the article, author or authors' designation, name of the institution and full address.

Footnotes should be listed consecutively in the text with superscript Arabic numerals. All footnotes typed serially in double space should be given separately at the end of the text. If there are bibliographical references and footnotes, references should follow the footnotes in a separate sheet.

The following format should be used for referring books, articles in journals, etc. in the reference:

- (a) Williamson, John (1985), *The Exchange Rate System*, Institute for International Economics, Washington, D.C.
- (b) Coes, Donald V. (1981), "The Crawling Peg and Exchange Rate Uncertainty", in John Williamson (ed.), *Exchange Rate Rules: The Theory, Performance and Prospects of the Crawling Peg*, St. Martin's Press, New York, pp. 113-116.
- (c) Ware, Roger and Ralph Winter (1988), "Forward Markets, Currency Options and the Hedging of Foreign Exchange Risk", *Journal of International Economics*, Vol. 25 (November), pp. 291-302.

All tables must be consecutively numbered using Arabic numerals and appropriately titled. All notes to tables should be given at the bottom of the respective table. The position of tables should be clearly marked in the text at the appropriate place.

If mathematical equations/formulae are used, they should be typewritten or handwritten clearly. Use notations, exponents, etc., which are simple to reproduce. The full mathematical workings necessary for justifying each step of the arguments should accompany all the articles of a mathematical character. This is meant to assist the referees. These workings will not be published.

All manuscripts must be addressed to The Editor, *Foreign Trade Review*, Indian Institute of Foreign Trade, B-21 Qutab Institutional Area, New Delhi-110016, India. (E-mail: akanungo@iift.ac.in)

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