

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.

FOREIGN TRADE REVIEW

VOL. XLV

OCTOBER-DECEMBER 2010

NO. 3

IN THIS ISSUE

Stock Market Integration

Examining Linkages between India and Select Asian Markets

By **Dr. R.K. Kaundal**, Associate Professor, Department of Economics, Govt. P.G. College Dharamshala, Distt. Kangra (Himachal Pradesh), India.

Dr. Sanjeet Sharma, Assistant Professor, Department of Commerce, Govt. College Haripur (Guler), Distt. Kangra (Himachal Pradesh), India.

ABSTRACT

In the recent years, globalization, economic assimilation and integration among countries and their financial markets have increased interdependency among Asian stock markets. This increased interdependency among the Asian stock markets may have impact on the global investors for their assets allocation decision and on the economic policies of economies for ensuring economic stability. Hence, there is a need to study the extent of integration between the Indian stock market and Asian stock markets, which is the primary objective of this study. The study uses monthly stock price indices of the Asian countries, namely India, Japan, Singapore, Hong Kong and Taiwan. This study covers the period from April 1994 to December 2009. The results obtained from the analysis by employing a wide range of statistical tools: Engle-Granger Test, Johansen Cointegration Test and Granger Causality Test. The results of the study indicate that Indian stock market is not integrated with the Asian stock markets considered in our study. It also implies that international investors can get portfolio diversification benefits in Indian market since Indian stock market is not affected by the market trends in Asian countries.

China's Competitiveness in World Economy

By **Dr. P.R. Bhatt**, Professor, Indian Institute of Management, Kozhikode, Kerala, India and Visiting Professor, Universiti of Utara Malaysia, Sintok Malaysia.

ABSTRACT

An attempt has been made in this paper to study China's competency to become a world leader. China's competency was assessed in terms of global competitive index ranking, total and labour productivity, creating a competitive environment for attracting foreign direct investment and international trade. It was found that China needs to adopt long term growth friendly policies and strategy to emerge as a global leader.

JEL classifications: F10, F13

Keywords: Competitiveness, productivity, price index, nominal and real effective exchange rates

Export Promotion Policies and Non-Traditional Agricultural Exports

The Case of Gherkin Exports from India

By **Dr. Ashwini Kumar B.J.**, Professor, Department of Management Studies, Nitte Meenakshi Institute of Technology, Yelahanka, Bangalore, India.

Prof. Rao N.J., Professor (Retired), Indian Institute of Science, Bangalore, India.

ABSTRACT

India's exports of processed agricultural foods and other non-traditional agricultural products have been increasing over the years. One such non-traditional, export-oriented product being exported from India is Gherkins (*Cucumis sativus*). Gherkin exports from India commenced during the late 1980s and continued with minimal governmental support upto 2001. The Government of India in 2001 launched a programme to establish agricultural export zones (AEZs) in the country with a view to promoting the exports of agricultural products that possessed export potential. This paper analyzes the relevance of non-traditional exports in Indian agricultural exports and describes the evolution of the Gherkin sector in India. The policy environment for non-traditional agricultural exports is assessed and specific policy interventions that could enhance the performance of the Gherkin sector are also identified.

Keywords: export-oriented agriculture, gherkin exports, non-traditional agriculture, agricultural policy, agricultural export zones, agricultural export promotion

Can Food Security be Attained through International Trade of Food Grains

By **Shri Rahul Nath Choudhury**, Research Fellow, Indian Institute of Foreign Trade, New Delhi, India.

ABSTRACT

The issue of food security is a major concern for most of the developing countries and so does it for India. India started giving importance to this issue from the early periods (from 1951 onwards) of Independence. This paper intends to assess the role of import of food grains as a major tool to achieve food security. The evidence from the earlier studies in favour of the argument is also taken in the paper. The paper arrives at findings such as trade liberalization of food grains can play a vital role in ensuring food availability – one of the components of food security. After the economic liberalization in 1990s, India has also opened up its markets for trading of food grains. It also suggests in its conclusive remarks that unrestricted international movement of food grains will lead to increase in the food availability and will also help to prevent rise in food prices. This will increase food security by increasing both the physical and economic access to food.

Keywords: PDS, International Trade, Export

WORLD TRADE REPORT 2010: TRADE IN NATURAL RESOURCES

Executive Summary

(Courtesy: www.wto.org)

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- (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.

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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.

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	Inland	Overseas			
		Surface		Airmail	
	₹	US\$	£	US\$	£
One Year	275.00	30	18	48	36
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