

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

Foreign Institutional Investor (FII) Flows

Some Indian Perspectives

By **Dr. R.K. Pattnaik**, Professor of Economics, K.J. Somaiya Institute of Management Studies and Research, Mumbai (India).

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ABSTRACT

Worldwide there has been a long debate both in academic and policy circles with regard to the Foreign Institutional Investor (FII) flows, mainly due to their volatility and pro-cyclical, and consequent adverse impact on the monetary and macro-economic management. Contemporaneous with the global debate, the issue has surfaced and resurfaced in India also in tune with the magnitude of the flows both in upswing and downswing. India has seen massive flows and sudden stops and reversals. The present article is an attempt to analyze the underlying issues and put forth some policy options. Indian approach to capital flows, especially, FII flows, has stood the test of time. The Indian authorities, with a combination of sound macroeconomic policies, prudent debt management, exchange rate flexibility, effective management of the capital account, accumulation of appropriate levels of reserves as self-insurance and development of resilient domestic financial markets, have provided a sustainable response to the large and volatile capital flows.

Export Orientation of Sports Goods Industry in Punjab

By **Dr. (Mrs.) Gagandeep Banga**, Associate Professor, Department of Business Management, Punjab Agricultural University, Ludhiana, Punjab (India).

Dr. (Mrs.) Babita Kumar, Associate Professor, Department of Business Management, Punjab Agricultural University, Ludhiana, Punjab (India).

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ABSTRACT

In today's business world exports have started to play an important role. Many companies have recognized the importance of conducting business activities outside the home country. Industries that were strictly national in scope only a few years ago are dominated by a handful of global enterprises. The present research was undertaken with the objective to study the export orientation of the sports goods industry in Jalandhar (Punjab) and to examine the factors affecting export orientation. To achieve the objectives, a total of 30 units exporting sports goods were selected from a list of 263 units as given by the Sports Goods Export Promotion Council (SGEPC). The respondents were chosen on random basis. It was found that for all the issues related to marketing activities, these units had an ethnocentric approach with few exceptions like identification of foreign markets, product pricing and channel selection in which regiocentric

orientation is followed. The main forces driving export in sports goods industry are quality, cost and market demand. On the other hand, cost, market difference and capital requirement are the major forces restraining export of sports goods. The major problems plaguing the sports goods industry in Jalandhar are lack of brand name and competition from other exporting countries like China.

Determinants of Exports of Textile Industry in Punjab

By **Anjana Mehra**, Research Fellow, Punjab School of Economics, Guru Nanak Dev University, Amritsar, Punjab (India).

Dr. Gian Kaur, Professor, Punjab School of Economics, Guru Nanak Dev University, Amritsar, Punjab (India).

ABSTRACT

This paper analyzes the determinants of Punjab's exports of textiles during 1991-2008. The study used log linear regression model and it was found that fixed investment plays a positive and significant role in determining exports. Yearly growth rates have been computed to capture year-to-year fluctuations and Compound Annual Growth Rates (CAGRs) are estimated to view the impact of immediate post liberalization and post liberalization process on pace of growth momentum in exports. The study reveals the fact that growth of exports decelerated steeply in post liberalization period.

Key Words: Export Behaviour, Industry study, Punjab textiles

JEL Classification: C51, C22, L67

Strategy to Increase Exports

Excerpts from the Strategy Paper entitled, "Strategy for Doubling Exports in Next Three Years (2011-12 to 2013-14)", Department of Commerce, Ministry of Commerce & Industry, Government of India.

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- (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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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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