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**CAUSAL RELATIONSHIP OF MONEY, OUTPUT AND PRICES:  
A CASE STUDY FROM SUB-SAHARAN AFRICA  
MUSTAFA H.M.ADAM**

**ABSTRACT**

*Economic development probably needs an increase in the extent of specification and exchange that can be most effectively co-ordinated by the use of money as medium of exchange and by price as guide for efficient resources allocation. Violent price fluctuations can cause serious dislocations in the economies by tending to impede the spread of money economy. Moreover, monetary instability may interfere with the level of savings, investment and income. This paper is made to study the relationship between money supply, output and prices in Sudan a Sub-Saharan African country with an Interest-Free-Islamic Banking System. For this purpose empirical equations were estimated for the period 1975-2004. Regressions analysis revealed that money stock expansion has influenced both output and prices variables. The tests also indicate changes on money supply have an impact on output and prices level. The causality tests also shows unidirectional causation that money stock causes output and also indicate unidirectional of causality among from prices to output and also to money stock variables; these results are confirmed through the Granger (1969) causality test.*

**GROWTH AND FORECASTS OF FOREIGN DIRECT INVESTMENT INFLOWS  
TO SOUTH AND EAST ASIA- AN EMPIRICAL ANALYSIS  
GULSHAN KUMAR\* AND S.AVTAR SINGH\*\***

**ABSTRACT**

*Developing countries need huge amount of financial resources for promoting the cause of their economic development but their domestic resources are not enough to meet these requirements thus the options left are: loans, ODA and FDI. Amongst them, the concept of FDI has gained a great importance these days. Present study has tried to examine the growth trends and pattern of FDI inflows to South as well as East Asia. In order to achieve various objectives of the study, compound annual growth rates have been computed by fitting an exponential function estimated by ordinary least square method. Forecasts were generated by applying Double Exponential Smoothing (DES) model. The adequacy of the model was tested by computing auto-correlation coefficients, Ljung Box- Q statistics as well as applying run test on residuals. The study revealed that developing countries are receiving meagre share in total world FDI flows. With in developing world, East Asian region keeps an edge over South Asia in attracting such funds. Even by 2020, East Asia is expected to attract FDI inflows 15 times more than South Asia.*

*Growth and Forecasts of Foreign Direct Investment Inflows to South and East Asia-An Empirical Analysis*

## **QUANTITY AND QUALITY OF ECONOMIC GROWTH IN IRAN**

**MAJID SAMETI\* AND ZOHRE SHIRANI FAKHR\*\***

### **ABSTRACT**

*This paper presents the relation of quantity and quality of economic growth with some variables like health, fertility, income distribution, political indicators and religion in period of 1990-2005 in Iran. We consider on determinations of quality dimensions of economic development such as life expectancy, fertility, environmental conditions, income inequality. We use econometric methods for sensitivity analysis of dependent and independent variables.*

## **ISSUES, PROBLEMS AND POTENTIAL OF PROFESSIONS, TRADES, CALLINGS AND EMPLOYMENT TAX; A CASE STUDY OF PROVINCE OF SINDH, PAKISTAN**

**SYED ASHRAF WASTI\*, SOHAIL JAVED\*\* AND MINHAJ UDDIN SIDDIQUI\*\***

### **ABSTRACT**

*The study analyses the administration setup, tax structure, elasticity and buoyancy, and problems in Professions, Trades, Callings and Employment tax (PTC) in Sindh Province. To see the tax potential, we have estimated the elasticity and buoyancy of this tax. It has been found that the Tax to Gross Regional Product (GRP) of Sindh province buoyancy is significantly low. Although, the tax yield is increasing proportionately to the GRP (base to GRP unit buoyancy), the tax to base buoyancy is significantly low. This highlights that the government had not taken appropriate discretionary*

*measures for increasing revenue heads. Therefore, the potential areas of reforms are PTC linkages with the Federal Income Tax and Sale Tax database of Sindh Province.*

**ARE REAL EXCHANGE RATES NON-STATIONARY?  
A CO-INTEGRATION APPROACH**

**MD. NISAR AHMED SHAMS**

**ABSTRACT**

*This paper presents findings on the long-run purchasing power parity (PPP) in Bangladesh economy during the period 1971/72-2005/06. The PPP proposition has been found to be rejected in Bangladesh as real exchange rates appear to be nonstationary on the basis of co-integration tests. Deviations in domestic and foreign prices are not reflected in nominal exchange rate changes. Therefore, PPP theory should be considered as a short-cut rather than an alternative in finding a complete model of exchange rate determination.*

**GROWING INDIA: EMERGING TRADE AND INVESTMENT  
TIES WITH TAIWAN**

**RAMAKRISHNA R CHITTURI\***

**ABSTRACT**

*The paper provides an insight into growing economic strengths of India and Taiwan. It deals with Taiwan's diplomatic isolation, its rising economy, trade between India and Taiwan, balance of trade in favor of Taiwan and reasons, market potential for Indian exports, role of China, changing perceptions of India and Taiwan towards each other for enhancing economic relations, transformation of India's economy and its integration with global economy, trade openness, and its impact on India's economy, current State of India's economy and external trade, conducive atmosphere for foreign direct inflows (FDI) and current studies, trade policy vis-à-vis foreign direct investment, Taiwan's investments, areas of investment as per FDI enabling policies of Government of India, absence of India's investment in Taiwan, Taiwan's investment in India and its projects on the anvil in Tamil Nadu, locational advantages of Chennai and its near by areas, educational and economic profile of Andhra Pradesh, interest of Taiwan in Andhra Pradesh, recent visit of Confederation of Indian Industry to Taiwan, suggestions for deepening advantages of cooperation between India and Taiwan, and strengthening bilateral trade and investment between India and Taiwan.*

**THE PRICE EFFECT OF SINGLE STOCK FUTURES:  
A CASE OF NATIONAL STOCK EXCHANGE**

**ANVER SADATH\***

## **ABSTRACT**

*It has been observed that introduction of single stock futures may have price effect on the underlying security. The reason is that the use of the futures security would allow the investors to take positions in the underlying securities that would be impossible in the absence of the same. Besides, it increases the opportunity set available to the investors. This paper examines the impact of the single stock futures introduction in the National Stock Exchange upon the market efficiency of underlying stocks. The efficiency of underlying securities have been tested by using the event analysis technique in which the introduction of single stock futures is considered to be an event.*

## **DERIVATIVE MARKET IN INDIA- A BIRD EYEVUEW**

**RAJKUMAR\* AND PRIYANKA SHARMA\*\***

### **ABSTRACT**

*Derivatives are recognized as the best and most cost-efficient way of meeting the felt need for risk hedging in certain types of commercial and financial operations. Countries not providing such globally accepted risk hedging facilities are disadvantaged in today's rapidly integrating global economy.*

*This research paper traces the evolution of regulatory framework and how it facilitated the development of derivatives trading in India. It also suggests some concrete measures to further develop the derivatives markets. These relate to basically strengthening the financial infrastructure including payment system and providing due concern to the security holders in the event of insolvency situation in multilateral netting contracts.*

## **DOES INDIVIDUAL STOCK FUTURES AFFECT STOCK MARKET VOLATILITY IN INDIA?**

**S. V. RAMANA RAO\*, A. KANAGARAJ\*\* AND NALINIPRAVA TRIPATHY\*\*\***

### **ABSTRACT**

*At present India's derivative market turnover is more than the cash market and India is one of the largest single stock futures. The impact of derivatives on the cash market volatility is much debated one and widely studied research topic. Since derivatives plays a significant role in the stock market for the development of our economy, this study attempts to determine the impact of individual stock futures on the underlying stock market volatility in India by applying both Generalized Autoregressive Conditional Heteroscedasticity (GARCH) and ARCH model for a period of seven years from June 1999 to July 2006. This study includes stock of 10 companies i.e Reliance, SBI, TISCO, ACC, MTNL, TATA Power, TATA Tea, BHEL, MAHINDRA & MAHINDRA and ITC. The results suggest that stock future derivatives are not responsible for increase or decrease in spot market volatility and concludes that there could be other market factors that have helped the increase in Nifty volatility.*

## **IMPORTS – GROWTH RELATIONSHIP IN INDIA:**

## CAUSALITY ANALYSIS

NEENA MALHOTRA\* AND MEENU\*\*

### ABSTRACT

*Imports play an important role in the growth process. Imports are the source of raw materials not available domestically, as well as of technology and capital goods for raising productive capacity of the economy. Imports also help in generating economic efficiency as well as price stability. Aggregate imports of a country depend upon a large number of factors like size and growth rate of gross domestic product, relative prices of imports, foreign exchange reserves etc. At disaggregate level the various categories of imports also depend upon their domestic production. One way of looking at relationship between imports and growth is to investigate the causal relation between two.*

*Most of the studies conducted on causal relationships are based on aggregates (like imports and GNP, exports and GNP etc). India being a large country, the major categories of imports like Mineral imports, Machinery and Machine Tool imports, Pearls and Semi Precious Stones imports, Chemical and Allied imports, Base metal and articles imports, Textile imports and Agricultural imports are very large in themselves and hence can have causal relation with gross domestic product at factor cost (GDPFC) as well as their domestic production (DP<sup>n</sup>). In case of imports of capital goods (as measured broadly by Machinery and Machine tool imports), Gross Domestic Capital Formation (GDCF) of our country can also be an important factor.*

*The results strongly support the unidirectional causation from GDP to total imports, as well as in case of other major categories of imports. At disaggregate level, domestic production causes base metal imports, chemical and allied imports, machinery and machine tool imports, textile imports, and pearls, precious and semi precious imports, i.e., all the considered categories of imports are caused by their domestic production. We can conclude from here that imports of these categories are used as raw materials in India's domestic industries. In case of machinery and machine tools imports and chemical & allied imports, there is feedback causality between their domestic production and imports. In case of machinery and machine tool imports, gross domestic capital formation causes machinery imports, but there is no reverse causation. It means India's capital goods imports increase with the increase in gross domestic capital formation.*

## A CONVERGENCE MODEL FOR QUALITY EDUCATION AND HEALTH FOR WEAKER SECTIONS IN ANDHRA PRADESH

MEERA LAL\*

### ABSTRACT

*Efficacy of all programmes depend a lot on greater focus on quality and content, with an emphasis on primary education, to improve access for those previously excluded from education, particularly girls and child labour, the rural poor and weaker sections of society. **Quality Education Initiatives as well as Health Care has become the focus agenda for Public-Private Partnerships and Private-Private Partnerships.** One of the most effective investments, policy makers can make in quality education is to improve child health. Similarly, one of the most effective investments one can make in health may be to improve the quality of education. **It has been researched that improvement in health is more critical to successful improvement in education, than is the improvement of education to successful improvement***

*in health. Government policy measures have to look into these issues when implementing a convergence in quality education and delivery of health services.*

## **TRUTH ABOUT CONSUMER CREDIT SCHEMES - AN ANALYSIS OF BORROWERS' PROBLEMS**

**USHA ARORA\* AND MONICA BANSAL\*\***

### **ABSTRACT**

*Every person wants to live a high standard of life with all possible comforts. But his financial resources limit him. He is unable to fulfill his dreams because of the shortage of funds. The consumer credit facility makes it easy for a person to have his/her own home, car and home appliances etc. In short one of the main changes in economic life is substitution of cash down with hire purchase system. Retail banking in India operates in a highly saturated and competitive market. The main aim of this research article is to study the problems encountered by the borrowers in connection with credit and also to study the consumer satisfaction level regarding different banks. The finding of the research shows that HDFC bank is on number one position which made a timely disbursement of loan to its borrowers. The employees of ICICI bank have excellent behaviour. The borrowers of ICICI bank and HDFC bank were fully satisfied from the services of these banks. Hidden charges are the biggest source of dissatisfaction of the borrowers of SBI bank. So it is advisable to SBI bank that it should disclose each and every fact to its borrowers before signing the loan agreement.*

## **HORIZONTAL FISCAL TRANSFERS IN INDIA: FINANCE COMMISSIONS' APPROACH**

**N.SREDEVI\***

### **ABSTRACT**

*The set of criteria adopted by the various Finance Commissions regarding horizontal distribution of shareable taxes, the basis of weightage given to each of these criteria are arbitrary and at the discretion of the Commission and also independent of Commission's estimated non-plan revenue gap of the States which the Commissions defined as 'need' of a State. So far, the criteria set for the horizontal distribution of Finance Commission Transfers, particularly shared taxes, are not based*

*either on the theory of fiscal federalism or does it has an economic rationale. An emphasis in this direction by the Thirteenth Finance Commission carries great weight.*