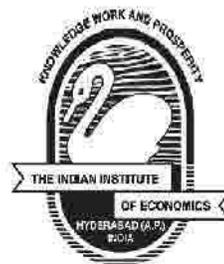


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## **THE IMPACT OF TRADE LIBERALIZATION ON SECTORAL EXPORT PERFORMANCE IN PAKISTAN**

**MOHSIN HASNAIN AHMAD, RUMMANA ZAHEER AND  
DANISH AHMED SIDDIQUI \***

### **ABSTRACT**

This paper discusses the political economy implications of external financial assistance in the presence of partisanship in parties. In fact, rational partisan theory posits that parties tend to adapt to the median voter's alteration in preferences during a given incumbency period so that they could maximize their chances of being re-elected. Our paper specifically tends to illustrate whether parties should be concerned with flypaper and fungibility of foreign aid while adapting to the dynamic preferences of voters. The Young theorem is used to show under what conditions would flypaper and fungibility have equivalent effects on output.

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## **NONLINEAR COMBINATION OF MACROECONOMIC FORECASTS USING FEEDFORWARD NEURAL NETWORK**

**ALI YOUSEFIAN \*, AMIN GHARIPOUR \* AND  
MORTEZA SAMETI \*\***

### **ABSTRACT**

Since the efficient study of combining forecasting methods published in the late 1960s (Reid, 1969; Bates and Granger, 1969). There have been about 200 articles published in the combining forecasts field because combined forecast is generally more precise than any of the individual forecasts, for the combined forecast gets more information into consideration. And the preciseness of the combined forecast improves as more methods are included in the combination.

In this paper we propose the use of multilayer feed forward neural network, to nonlinear combine the models for a better performance of macroeconomic prediction United State GDP form the forecast object for comparison forecast performance of purposed method.

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## **THE EFFECT OF ACCOUNTANT REPUTATION ON INITIAL PUBLIC OFFERINGS IN MALAYSIA**

**TZE SAN ONG\* BOON HENG TEH\*\* AND VOON CHOONG YAP\*\***

### **ABSTRACT**

*This paper assesses the characteristics and the influence of accountants' reputations on the underpricing of Initial Public Offerings (IPOs) stocks listed in the Main Board and Second Board of the Malaysia Stock Market. The sample data comprises of the first day price and the issue price of IPOs stocks selected from the financial year of 2005, 2006 and 2008. Results showed that there is a significant positive first day return, indicating a certain degree of underpricing in the IPOs stocks. However, there are no significant differences for returns, risks and coefficient of variation among the two groups of IPOs stocks audited respectively by the Big Four and non Big Four accounting firms. That is, IPOs stocks performance in terms of initial first day returns are not influenced by the factor accountants' reputations.*

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## **MONEY, INCOME, AND CAUSALITY: THE BANGLADESH EXPERIENCE**

**MD. NISAR AHMED SHAMS\* MUHAMMAD MOSADDEK HOSSAIN\*\*  
AND MD. MAHMUDUL HASSAN\*\*\***

### **ABSTRACT**

This paper seeks to examine the causal relationship between money and income in Bangladesh economy covering the period 1972/73 to 2007/08. The cointegration analysis indicates a long-run relationship between money and income. The error correction framework suggests a one-way causation from money to income in the short-run as well as in the long-run implying a relatively active role for money in influencing economic activities in Bangladesh.

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## **MINOR IRRIGATION IN AP: EQUITY, POLITICAL ECONOMY AND EFFICIENCY**

**RAHUL A. SHASTRI**

### **ABSTRACT**

This paper finds that tank irrigation is class irrigation: irrigation for large farmers, while in contrast, groundwater irrigation is mass irrigation: favouring small and marginal farms.

The state's neglect of tank irrigation after independence, and the active promotion of other forms of mass irrigation, contradicts the premise of landlord control or influence on state policy.

The class bias of tank irrigation may have had its source in the pattern of alienation of land by large landowners under pressure of development and land ceilings.

The class divide between tank and groundwater irrigation forces choice on state policy. This paper suggests that their purported complementarity is highly overrated. Storage tanks are the least efficient form of charging groundwater among alternative water harvesting forms. They cannot be converted into percolation tanks. Further, if groundwater irrigation includes not just wells but also water harvesting structures, then there is a clear trade-off between tanks and wells.

The collective nature of the tank irrigation aggravates its technical deficiencies and leads to neglect. Groundwater being privately managed has organisational resilience. Further, economic use of groundwater may ensue if electricity charges are metered.

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## **INDIAN AGRICULTURE: A CRITICAL EXAMINATION OF ECHNOLOGICAL CHANGE AND FACTOR SUBSTITUTION\*\***

**HARISH MANI\*, G. BHALACHANDRAN\*, C. H. SHAH#  
AND V. PANDIT\***

### **ABSTRACT**

This paper attempts to identify technological changes in Indian agriculture during the past three and a half decades. Until about the mid-sixties, technology of crop production remained traditional. The output increased mainly through extensive cultivation with land as the main source of output expansion. Since the late sixties, the technological change that helped intensive cultivation became available with the introduction of high yielding varieties of new seeds mainly of wheat and rice to begin with. Two types of technological changes namely neutral and embodied have been identified using the production function as the main tool of analysis. Neutral technological change is captured through the use of time trend. It captures not only the change introduced by new inputs such as HYV seeds, but also the impact of Government intervention through price policy and institutional reforms. With a view to identifying the embodied technological change, the marginal products have been calculated for each of the inputs. The factor – factor relationships among the inputs have also been identified using the Partial Elasticity of Substitution as proposed by Allen and Morishima. Our results suggest that the increased public and private investments in agriculture have become extremely necessary to prevent stagnation in this sector.

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## **INDIA'S PRODUCTIVITY PERFORMANCE - AN ANALYSIS BY TECHNOLOGY LEVELS OF MANUFACTURING INDUSTRY**

**ANITA KUMARI**

### **ABSTRACT**

The study found that productivity growth has declined after reforms for firms in all technology groups: High-tech, Medium-high-tech, Medium-low-tech and low-tech. However, decline has been maximum for firms in low-tech industries. Analysis of factors determining productivity growth has indicated that output growth has been the key factor in determining productivity growth across all technology groups. However, impact of other factors has been found to be different for firms in different technology groups. Hence, the study helps in identifying the policies for increasing productivity growth in different technological groups in Indian manufacturing industry.

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## **HAS PRIVATIZATION OF GENERAL INSURANCE SECTOR IN INDIA SERVED THE PURPOSE?**

**MOID UDDIN AHMAD**

### **ABSTRACT**

The policies related with the finances of insurance companies, especially the private companies, has always been an imperative issue for concerned stakeholders considering the corpus of fund involved and the underlying objective of the fund. After a decade of the privatization of the insurance sector it becomes

imperative to study the performance of private companies and their contribution to the economy. There is a great need to study the investment pattern of private general insurance companies and the trends in their performance individually as well as against industry. The given research is an empirical effort to analyze the performance of general/non-life insurance companies in India in the post insurance liberalization era.

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## **EMERGING PATTERNS OF EMPLOYMENT DIVERSIFICATION IN THE NON FARM SECTOR. THE CASE OF RURAL ANDHRA PRADESH IN INDIA**

**JOSEPH ABRAHAM\***

### **ABSTRACT**

An attempt has been made to define the concepts and arrive at the determinants of rural economic diversification and transformation taking place in Andhra Pradesh. Gender concerns, uneven and inequitous patterns of growth taking place in the rural economy in the formal and informal sectors of employment is broadly linked up in the analysis perused. The impact of the former on the state's rural economy is highlighted. What portends is not very favorable but more adverse to Andhra Pradesh. The period of study stretches from 1972-73 to 2004-2005. Both cross sectional and time series type of analysis are done with the variables considered. The growth rate of female workers in the formal sector of A.P is very low compared to all India . The informal workers are growing at a rapid rate in A.P than at the all India level, at higher levels for females than of males. A large part of the reported employment is in the self employment and of casual labour in Andhra Pradesh. However, there has been a decline in the proportion of self employed. The casual wage employment has increased during 1972-73 - 2004-05 due to the shrinking of self employment opportunities. There has been increasing casualisation of rural labour in A.P. In the nonfarm sector, the self employed people account for half of the rural incomes generated. Among the self employed women in the formal categories of work , ninety percent of them are in the tobacco manufacturing activities and seventy eight per cent are operating from own homes. Wage differentials are very high in the rural nonfarm sector. The gender gap in wages is also high in the formal employment than in the informal sector. The female workers are getting lower wages than male workers in these two sectors. About sixty per cent of the female informal workers have reported that their work is not remunerative. To move out of the increasing economic deprivations of the casualised and gender discriminated nonfarm rural workers, the three fold initiatives are called for. They are i) the making of the rural livelihoods more accessible and remunerative; ii) providing the much needed financial stimulus and iii) creation of larger sustainable opportunities to the rural poor and more specifically to the women labour in the nonfarm sector of the formal to informal forms of rural economy .

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## **MODELING BUSINESS CYCLES IN INDIA: A MARKOV SWITCHING APPROACH**

**WASIM AHMAD\* AND BANDI KAMALIAH\***

### **ABSTRACT**

The paper uses Markov Switching AR approach to model business cycles in Indian economy during the period 1982- 2009, using quarterly data on industrial production. For the current cycle, the MS (2)-AR (4) model predicts that the probability of expansion is higher than the probability of contraction and on average the expansion regime will persist more than 13 quarters, whereas the average contraction persistence is only 4 quarters. The results also show that sub prime crisis has ended in India from 2009 quarter two. The results of the study confirm the findings of the previous studies about the dating and turning points in the Indian business cycles.

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## **DETERMINANTS OF CAPITAL STRUCTURE OF CORPORATE FIRMS: PANEL DATA EVIDENCE FROM INDIA<sup>ψ</sup>**

**INDER SEKHAR YADAV\*, PHANINDRA GOYARI\*\*, AND  
NARESH KUMAR SHARMA\*\*\***

### **ABSTRACT**

The present study examines the economic determinants of capital structure for a panel of non-government non-financial public limited firms drawn from 16 industries in manufacturing, processing and construction sectors of India for the period 1979-80 to 2005-06. The analysis is done both at the aggregate and dis-aggregate levels. The study uses panel data techniques such as fixed effect and random effect models which were estimated using the GLS method. Hausman specification test is used to select the appropriate model.

The analysis of the financing pattern of the Indian firms shows that, of late, Indian firms relied more on external funds and long-term debt for financing the fixed investments. As far as external sources are concerned, it is observed that they come mainly from borrowings in the form of loans and advances from banks and financial institutions as well as trade dues and other sundry creditors. It is also observed that the percentage share of equity finance in total sources has considerably increased especially after financial sector reforms.

The econometric analysis shows that variables like cost of borrowing, the cost of equity, size of firm, collateral value of assets and profitability among others are the major determinants of capital structure of corporate firms in India. The lagged value of leverage ratio included in the model is also found to be significant indicating a movement towards the optimal level of leverage ratio. However, estimated results remain industry specific.

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## **INTER-STATE DISPARITY IN GROWTH, POVERTY AND INEQUALITY IN INDIA—A PANEL DATA APPROACH.**

**RATAN KUMAR GHOSAL**

### **ABSTRACT**

It is well recognized that immediately after independence of our country the avowed objectives were the ending of poverty, inequality and ignorance. Of course there has been an evolution of policy strategy since independence from growth mediated development to public action programme led development and finally to the both so as to fructify the above objectives. Further we are facing a paradoxical situation of service sector led high growth rate of N.I coupled with joblessness, high degree of relative and absolute inequality leading to a vicious circle of inequality trap and chronic poverty. Under this backdrop, this paper investigates the proximate explanatory factors behind the cross-state differentials in the growth rates and the various dimensions of inequalities and poverty in India by using both the cross-state regression technique and the panel data approach. It is found that the cross-state differentials in the incidence of poverty and its magnitude of decline are found to be high and the same is increasing at an alarmingly high rate. The divergence of the incidence of poverty across the states highly matches with the significant divergence of the growth of real per-capita NSDP albeit the latter show an increasing trend. One can not unequivocally conclude that all the states have experienced the rise in inequality and inequality is the major explanatory factor for the persistence of chronic poverty. The high rate of economic growth as well as the reform process have failed to provide any cushion against the poor and the vulnerable classes of people rather they have helped intensifying their deplorability of socio-economic condition. Our econometric analysis reveals that the cross-state and cross-time variations in the state specific factors and the cross-time variations in the social sector expenditure, employment, and literacy and growth rate of per-capita NSDP are most proximate explanatory factors for the persistence of chronic poverty.

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## **WORKFORCE IN INDIAN HEALTH CARE SECTOR**

**M. VENKATANARAYANA\* AND SURESH V. NAIK\*\***

### **ABSTRACT**

The present paper made an attempt to estimate the total workforce in health sector in India based on NSS 61<sup>st</sup> (2004-05) round quinquennial Employment and Unemployment survey data and using National Industrial Classification (NIC) 1998. The analysis has shown inadequacy of workforce engaged in health care services, rural-urban disparity in the location of health care services providers (i.e. workers) and regional disparities across major Indian states. Also examined the relationship between the availability of health workers and the health outcomes and found a strong association between them. It indicates a strong need for enhancing the availability of human resources in the health care sector.

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