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### **AN EMPIRICAL INVESTIGATION OF FOREIGN DIRECT INVESTMENT AND ECONOMIC GROWTH IN ASEAN COUNTRIES**

**P. SRINIVASAN\*, M. PRABHU\*\* AND P. IBRAHIM\*\*\***

#### **ABSTRACT**

*Johansen Cointegration technique followed by the Vector Error Correction Model (VECM) and standard Granger Causality test were employed to investigate the causal nexus between foreign direct investment (FDI) and economic growth in ASEAN countries. The Johansen Cointegration result establishes a long run relationship between foreign direct investment and gross domestic product (GDP) for the five ASEAN countries, namely, Indonesia, Malaysia, Philippines, Singapore and Vietnam. The empirical results of vector error correction model exhibits a long-run causality running from GDP to FDI for Indonesia, Philippines and Singapore. For Malaysia and Vietnam, the results reveal long-run bidirectional causal link between GDP and FDI. Besides, the evidence from standard Granger Causality test for rest of the ASEAN countries shows that there was no causality between FDI and GDP for Brunei Darussalam and Lao People's Democratic Republic. For Myanmar and Thailand, the test results show that there is a one-way short-run Granger causal link from FDI to GDP and GDP to FDI respectively.*

## **THE PRODUCTION EFFICIENCY EFFECTS OF BANK MERGER: EMPIRICAL EVIDENCE FROM MALAYSIA**

**ROSSAZANA AB. RAHIM AND DAYANG AFFIZZAH AWANG MARIKAN\***

### **ABSTRACT**

The purpose of this study is to analyze the technical and scale efficiency of Malaysian domestic banks pre and post merger over the period 1995 - 2006 by employing the non-parametric frontier approach, Data Envelopment Analysis. The evidence shows mixed results, the largest anchor bank is less efficient than the target banks and the smaller size of anchor banks are more efficient than the targets. However, the anchor banks do not necessarily retain their pre merger efficiency levels. Overall, banks improve their efficiency scores during merger period and continue to progress for the post merger period. The study offers support for the government incentive merger policy in particular to the large scale banks with little cling to the smaller size acquiring banks.

**ECONOMIC GROWTH AND INEQUALITY IN INDIA: AN INTER – STATE  
ANALYSIS**

**SUNEEL KUMAR\***

**ABSTRACT**

*Recent economic growth in India invites critical review. This study attempts to analyse convergence or divergence among states of India through a regression model, correlation analysis and relative standard deviation. Findings are sensitive to various indicators of economic growth. Significant divergence was observed on the basis of Net State Domestic Product, Per Capita Consumption Expenditure and Population below Poverty Line, however convergence among states was observed on the basis of human development index, literacy rate, gross enrolment ratio and life expectancy at birth. The study indicates that states that were performing better have further strengthened their position after economic liberalisation on the other hand poor performing states have lost in the hands of better performing states.*

**IMPACT OF ECONOMIC GROWTH, LITERACY AND INFANT MORTALITY RATE ON HUMAN DEVELOPMENT IN INDIA- SPECIAL FOCUS ON NORTH-WEST STATES**

**GARGI GHOSH\***

**ABSTRACT**

*In this paper we have made an attempt to analyze the impact of economic growth, literacy rate and infant mortality rate on human development for 15 Indian states and north-west states (Punjab, Haryana and Rajasthan) separately during two time periods 1991 and 2001. The main objectives of the paper are to examine the relationship & influence of per capita income, literacy and infant mortality rate for raising human development. Double log model with simple regression technique for two time periods separately is used here. The results show that though the income (per capita NSDP) elasticity of human development is decreasing over time but literacy rate elasticity of human development is increasing over time for both the 15 states and north-west states in India. Further the IMR elasticity of HDI score for 15 states is significant and decreasing over time on one hand and on the other, it is insignificant and increasing for north-west states in India.*

**CAPABILITY APPROACH AS AN ALTERNATIVE FRAMEWORK FOR THE MEASUREMENT OF HUMAN DEVELOPMENT**

**M. INDIRA\* AND VENKATRAJA. B\*\***

**ABSTRACT**

*The main purpose of this paper is to operationalize capability approach and suggest a methodology for measuring human development within capability framework. The present method draws heavily from the UNDP methodology and based on this, new methodology is developed taking into consideration five dimensions and several related indicators of development. Attempt is made to discuss and show why this approach could be useful to deal with the complexity of a multi dimensional assessment of human development. In order to test this methodology, an empirical exercise has been conducted based on micro data collected through sample survey carried during 2009 in four villages of Dakshina Kannada district, Karnataka. To a certain extent our results are not too dissimilar from those obtained from traditional income based approach to poverty. The people with low level achievement of functionings are mainly low income people. inflows can be best described as cautiously optimistic.*

**TECHNICAL EFFICIENCY AND ITS DETERMINANTS IN  
INDIAN AGRICULTURE**

**SUBRATA KUNDU\***

**ABSTRACT**

*This paper deals with the estimation of technical efficiency for a group of cultivators using Data Envelopment Approach. Further, we attempted to identify the factors conditioning the technical efficiency of farmers in producing various crops. The present study is based mainly on farm-level cross section data pertaining to the year 2009-2010 for Paschim Midnapur district in West Bengal, India. This analysis indicated that there is a considerable scope to improve the productivity levels in agricultural sector with the existing level of input use and the available technology. This analysis also shows that the technical efficiency was influenced by the various socio-economic factors, like farm size, rental value of land (proxy for land quality), caste, ownership etc. This study can prove useful to policy makers and researchers in evaluating the performance of agricultural sector in India.*

**PERFORMANCE OF FISHERY COOPERATIVES  
- AN ECONOMIC ANALYSIS  
(A CASE STUDY OF CHILIKA REGION, ODISHA)**

**PRASANTA KUMAR UPADHYAYA - AND SANJIB KUMAR HOTA\*\***

**ABSTRACT**

*The weak financial and physical health of most of the Primary Fishery Cooperative Societies (PFCS) in odisha are not only affecting the performance of these institutions but also obstructing the socio-economic development of the poor fishermen. Keeping this in view an attempt has been made in this study to analyze the performance and problems of PFCS with the help of data (primary and secondary) collected at random from 44 sample PFCS of Chilika region of the state so as to make some suggestions for their future growth and survival. The composite performance indices (Iyengar-Sudarshan method) and the Ratio analysis have been considered as analytical tools for the study. A few of the PFCS under study are found performing well followed by moderate and Low. The problems (financial and Physical) found are many and hence the suggestion is for strategic measures at the level of government and people (members) for their further and future improvement.*

**PERFORMANCE OF PUBLIC AND PRIVATE SECTOR BANKS AND ECONOMIC GROWTH  
IN INDIA: AN EMPIRICAL ANALYSIS**

**Abstract**

Notwithstanding, banking sector is one of the most cyclical and risk-prone sectors of an economy, Indian banking system is relatively in good health, particularly in the aftermath of global financial crisis. The Indian banking system, now, compares well with the global benchmarks such as return on total assets (ROA), non-performing loans ratio (NPL) and capital levels. All these cast a sound and productive banking system in the country and help augmenting savings and investment for sustainable economic growth. In this context, this paper is an attempt to re-investigate short- and long-run causal relationships between banking sector performance (measured by PAT) and economic growth (measured by real GDP) in a developing country like India. The data properties are analyzed to determine the stationarity of time series using the Augmented Dickey-Fuller unit root test which indicates that the two series are I(1). The results of the Cointegration test based on Johansen's procedure indicate the existence of the Cointegration between banking sector performance and real GDP. Therefore, the two variables have a long-run equilibrium relationship exists, although they may be in disequilibrium in the short-run. The coefficients of error correction terms in both the equations infer that the speed of adjustments of any short-run disequilibrium towards long-run equilibrium state is quite satisfactory. It implies that all variables in the system have a tendency to quickly revert back to their equilibrium relationship. More importantly, the estimates of Vector Error Correction Model support the existence of a feedback short-run as well as long-run equilibrium relationship between real GDP and banking sector performance. This result, therefore, supports the 'supply-leading' as well as 'demand-following' hypotheses. Hence, the dynamism of economic growth in the country will foster banking sector development and the dynamism of banking sector development will foster economic growth in the economy.

**NEW APPLICATIONS OF KONAR'S (2009) "ISOQUANT  
SUBSTITUTION CURVE" AND "ISOCOST SUBSTITUTION CURVE"**

**ARUP KANTI KONAR\***

**ABSTRACT**

*Following Konar's (2009) "methodology", which means "how economists explain" (Blaug, 1997), this article offers the reformulation of three selected production functions (PFs) such as (i) Cobb-Douglas production function (CDPF) of Cobb and Douglas (1928), (ii) constant elasticity of substitution production function (CESPF) of Arrow, Chenery, Minhas and Solow (1961), and (iii) linearly homogeneous production function (LHPF). This methodology shows how three different sets of isoquants (IQs) or isoquant maps (IQMs) of the foregoing three PFs can be mapped or transformed into correspondingly three different sets of "isoquant substitution curves" (IQSCs), introduced by Konar (2009), to cast new light on old perspectives or fronts in the conventional theories of economic(s) education. Further, Konar's (2009) "isocost substitution curve" (ICSC) has also been used to complement IQSC only in the case of CDPF.*