

# The Asian Economic Review

ISSN 0004-4555



Journal of the Indian Institute of Economics

Volume 57

June 2015

No.2

## CONTENTS

P.No.

1. From The Editor's Desk I
2. The Development of Quaternary Activities in Japanese Economy 1  
Jagannath Mallick  
Ivana Kraftova
3. Infrastructure, Economic Growth and Human Development in Gujarat: A Cross District Analysis 15  
Ms.Gargi Ghosh
4. Transshipment and New Economic Partnership Agreements 37  
U. Sarangi
5. Financial Inclusion and Human Development A Study in India 75  
Supravat Bagli  
Maniklal Adhikary
6. Image, Reputation and Marketing Communication as Determinants of Student Satisfaction on Higher Education: Comparing Private and Public Learners 95  
J W de Jager  
G Bezuidenhout
7. An Analysis of Trends of Wages in India's Organised Manufacturing Sector 121  
George Paily
8. Role of Futures Market in Price Discovery: A Study of Indian Commodity Market 133  
Gurmeet Singh
9. Statistics 151

## ABSTRACTS

### **The Development of Quaternary Activities in Japanese Economy**

**Jagannath Mallick\* and Ivana Kraftova\*\***

#### ***Abstract***

*The present study contributes to the existing literature by measuring the quaternary sector and discussing its channels of development in Japanese economy over the periods from 1970-2008. The study uses disaggregated data from Japanese Industrial Productivity database, and finds significant role of quaternary activities in Japan economy. The evolution of quaternary sector is due to the rising degree of globalisation, adoption of new technologies, the demand for new items and other socioeconomic factors. The growth of quaternary sector in Japan is attributed to changing population structure and society, which demand for care and security activities. Also Japan is characterised by the predominate role of service sector and IT intensive economy, that requires development of education activities.*

## **Equilibrium Real Exchange Rate and Its Misalignment In Vietnam**

**Ha Thi Thieu Dao\* and Pham Thi Tuyet Trinh\*\***

### **Abstract**

*This paper aims to explore the degree of misalignment of the Vietnam Dong (VND) by estimating short- and long-run equilibrium real exchange rate (EREER) of VND. Using Engle-Granger's cointegration approach, we identify that trade openness, government expenditure, domestic credit and net foreign assets are important determinants EREER of VND. In the period of 2000-2010, the REER of VND fluctuated around its long-run equilibrium and the misalignments can be divided into 3 sub-periods: VND is undervalued in 2000-2003; overvalued in 2003-2007 and fluctuated dramatically in the later period.*

## **Infrastructure, Economic Growth and Human Development in Gujarat: A Cross District Analysis**

**Gargi Ghosh\***

### **Abstract**

*In this paper an attempt has been made to examine the contributions of Infrastructure and Human Development to accelerate Economic Growth and vice versa in rapidly growing state Gujarat. The main objectives of the paper are to examine the district-wise relationship between the variables weighted aggregate infrastructure index and weighted aggregate index of economic growth as well as human development index and weighted aggregate index of economic growth in Gujarat for the two time points- 2001 and 2011. District-wise fourteen infrastructure components and nine components related to economic growth have been selected and principal components analysis has been done to calculate weighted aggregate indices. The district-wise Human Development Indices have also been calculated. The districts are categorized into High, Medium and Low Developed districts with respect to infrastructure, economic growth and human development. The double log regression analysis has been done to examine the relationship between the variables weighted aggregate infrastructure index and weighted aggregate index of economic growth as well as human development index and weighted aggregate index of economic growth in Gujarat for the two time points- 2001 and 2011. It has been found that though there is significant positive relationship between Weighted Aggregate Infrastructure Index and Weighted Aggregate Index of Economic Growth as well as Human Development Index and Weighted Aggregate Index of Economic Growth for both the time points, yet Weighted Aggregate Index of Economic Growth is translating into Weighted Aggregate Infrastructure Index but not the other way round and Human Development Index is translating into Weighted Aggregate Index of Economic Growth but not the other way round in the state Gujarat. It is concluded that due to the greater influence of other factors on Weighted Aggregate Index of Economic Growth, Weighted Aggregate Infrastructure Index is not translating into Weighted Aggregate Index of Economic Growth and due to comparatively lower expenditure on education and health Weighted Aggregate Index of Economic Growth is not translating into Human Development Index.*

## **Transshipment and New Economic Partnership Agreements**

**U. Sarangi\***

### **Abstract**

*The research paper focuses on the issues of transshipments and new economic partnership agreements that emerge on account of transshipments taking place at the global level, particularly ASEAN and Africa. The terminology transshipment has been used interchangeably to mean re-exports and it is very much related to trade logistics. In fact, international trade agreements among nations has a direct bearing on transshipments of goods otherwise known as re re—exports. It is observed that various nations/countries trade amongst various other countries in order to attain favourable terms of trade and to mitigate the balance of payments crisis. Therefore, the new economic partnership agreements among ASEAN and African is an endeavour in this direction to achieve favourable terms of trade through transshipment economic partnership agreements. Certain conceptual issues on transshipments have been clarified in this paper. Concepts like rationale for transshipments, determinants of transshipments, cases of transshipments happening across the world including the US have been highlighted. Certain emerging trends on international shipping and changing trade patterns have also been highlighted. Certain statistical tools like correlation coefficients, normal & chi square distribution, covariance among various trade logistics parameters have been used to analyze the relationships between international shipping, changing trade patterns and effects of trade logistics on changing/emerging new transshipment economic partnerships agreements, particularly the ASEAN and the African nations.*

## **Financial Inclusion and Human Development A Study in India**

**Supravat Bagli \* and Maniklal Adhikary \*\***

### **Abstract**

*This study explores an empirical relationship between financial inclusion and human development for the states and union territories in India. We have developed the Financial Inclusion Index (FII) and Index of Housing Deprivation (IHD) for each state and union territory measuring the normalized inverse Euclidian distance of the deprivation index vector from the ideal/worse situation. Based on data published by RBI, Government of India and NABARD our 2SLS estimates reveal that HDI has a favourable effect on financial inclusion and FII accelerate human development. Housing deprivation retards human development. However, share of backward population has no impact on human development.*

**Image, Reputation And Marketing Communication As  
Determinants Of Student Satisfaction In Higher Education:  
Comparing Private And Public Learners**

**J W de Jager \* and G Bezuidenhout \*\***

**Abstract**

*Higher education has realized the importance of customer- centred approach to survive amongst competitors. The primary objective of the study is to determine the importance and perceived performance of image, reputation and marketing communication variables of public and private institutions of higher education in South Africa and to determine whether there are significant differences between the respondents of the two institutions. A random sample of eight hundred and ninety two students at two public institutions as well as two private institutions in South Africa was chosen. After applying the importance\perceived performance (IP) grid it appeared that public and private higher education institutions should amongst others attend to aspects such as financial assistance to students, career advisors of the institution that are accessible and informed and the academic reputation of the institution. Attending to this should provide the necessary competitive advantage to be regarded as the most preferred institution of higher education in the specific area.*

## **An Analysis of Trends of Wages in India's Organised Manufacturing Sector**

**George Paily \***

### **Abstract**

*This paper makes an attempt to develop certain insights of the trends in the share of wage in India's organised manufacturing sector covering the period of 3 decades from 1981-82 to 2011-12 using 2 digit level data obtained from Annual Survey of Industries (ASI). The study finds out a downward trend in the share of wages across the industries and states. On the other hand, the share of profits shows an increasing trend. The main reason attributed to this trend is the liberalisation induced labour market flexibility.*

## **Role of Futures Market in Price Discovery: A Study of Indian Commodity Market**

**Gurmeet Singh \***

### **Abstract**

*This paper investigates the price discovery function of futures market for two non precious metals - nickel and zinc on Multi Commodity Exchange (MCX) using Johansen's co-integration test, VECM and Granger causality test. The analysis used daily data on spot prices and near month futures prices of two non-precious metals over the period from April 2011 to March 2014 which is obtained from MCX website. The study concludes that both the series of spot and futures prices are co-integrated of order one, and exhibit a stable long-run equilibrium relationship. The results of VECM show that there is a bi-directional causality in spot and futures market but the futures market is found to be more sound in terms of discounting new information than the spot market.*