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ABSTRACTS

The Linkage between Foreign Bank Penetration and Economic Growth : Evidence from Pakistan

Zeeshan Atiq* and Mohsin Hasnain Ahmad**

Abstract

This study explores relationship between foreign bank penetration and economic growth for Pakistan's economy. We use time series approach to capture the long term and short term relationship and causality between foreign bank penetration and economic growth. The results show that there is long run relationship between foreign bank penetration and economic growth. Empirical findings also reveal that there is uni-directional long run causality that runs from foreign bank penetration to growth rate. Furthermore, we find the short run causality runs from foreign bank penetration to economic growth; however, no short run causality exists in opposite direction. Our results support the role of foreign banks in economic growth. Government of Pakistan, therefore, can enhance economic growth by relaxing restrictions on the entry of foreign banks.

Potential of Income Diversification for Poverty Alleviation in Pakistan

Abdul Majeed Nadeem* & **, Nibra Akram*, Muhammad Zahid Rafique, Sadia Parveen*** and Khuda bakhsh******

Abstract

Poverty reduction through different measures has been the basic target for development throughout the globe but hold special focus in the poor countries. Income diversification has emerged as an important tool for eradicating poverty in developing countries. The current study is an attempt to test this hypothesis in Pakistan's economy using data from Pakistan Social & Living Standard Measurement Survey (PSLM) for the year 2010-11. Through FGT measure, the headcount ratio, poverty gap, severity of poverty of rural & urban households and impact of income diversification in poverty reduction adopting binary logistic and 2-stage least square regression. The binary logistic regression analysis show that education, family size, farm-employment, age, self-employment and diversification index have significant effects on poverty while that of 2SLS regression indicates that income diversification result in per capita income rise and plays important role in poverty reduction. It is concluded that better and more educational and technical skill development programmes in urban and rural areas can significantly improve employment opportunities improving income diversification and reduction of incidence of poverty in Pakistan.

**Dynamic Nexus between Budget Deficit and Current Account Deficit:
Some Empirical Results Relating to the Indian Economy**

U. J. Bandy *

Abstract

In this article, we theoretically and empirically question the validity of twin deficit hypothesis relating to the Indian Economy. Thus the paper initially analysis the theoretical foundations followed by empirical literature for this hypothesis and using various methods of econometrics to test its validity. A vector error correction mechanism (VECM) rejects the twin deficit hypothesis in the short run whereas as co-integration test validates the existence of the same in the long run. A Granger causality test suggests the existence of bi-directional relationship between budget deficit and current account deficit and thus negates the existence of REH in context of the Indian economy.

Information Communication Technology USAGE AND Agricultural Development in Nigeria: Emerging Trends and Concerns

Isaac B Oluwatayo* and Ayodeji O. Ojo**

Abstract

There is no gainsaying the fact that Information and Communication Technology (ICT) remains a veritable tool in the advancement of developmental initiative across the globe. ICT and agricultural development are interdependent. The ICT tools that are particularly important in agriculture include computers, television, radio, internet, mobile phones and Geographical Information Systems (GIS). Nigerian agriculture is a peculiar sector employing majority of the citizens despite the challenges inherent in the sector. The Nigerian agricultural development is constrained by inconsistent policy regimes and programmes, adverse climate change impacts, undercapitalisation and low level of improved technology adoption. Although, ICT is fast gaining relevance in global business environments and as such agribusiness is not an exception. However, in Nigeria, it is worrisome that the level of ICT adoption among farmers is low. The low level of ICT usage can be attributed to the huge infrastructure deficit and underdevelopment that characterize rural Nigeria, where the bulk of these farmers reside. ICT has proved effective in the area of technology transfer, policy formulation and impact evaluation and marketing among others. Therefore ICT is critical to the achievement of agricultural development in Nigeria. The paper recommends increased investments in critical infrastructure (feeder roads, power, water etc.) and input provision for the farmers. There is also the need to provide mass literacy and ICT trainings to farmers.

Domestic and Global Determinants of Stock Market Development in Africa

Godfred M. Aawaar* and Devi Datt Tewari**

Abstract

The determinants of stock market development have been unmeritoriously under researched. In this paper we empirically examine domestic and global determinants of stock market development in Africa using a panel of 12 major African stock markets for the period 1998-2013. A dynamic panel modelling technique based on GMM estimation approach shows that macroeconomic factors and quality institutions are the principal domestic determinants of stock market development. The performance of leading global stock markets, growth of trading partner economies, inflation of trading partner economies, and financial crisis are major global determinants of Africa's stock market development. Thus germane policies at the regional level to promote sound macroeconomic environment and good quality institutions are crucial for Africa. At the global level, reform packages that ameliorate the adverse effects of liberalisation and integration and safeguard the opportunities associated with greater linkage among stock markets are needed to promote stock market development.

**Do FDI Inflows Promote Economic Growth :
A Case of Selected SAARC Countries**

Sulaiman D. Muhammad *, Shujaat Abbas
and Saba Zaffar *****

Abstract

The remittance inflow to developing countries increased significantly in recent decades. The Dutch Diseases perspective argues that remittance inflow impedes economic growth of recipient economy. This study aims to investigate the impact of remittances on economic growth of selected SAARC countries, i.e. Bangladesh, India, Pakistan and Sri Lanka, using panel fixed effect model, for the period of 1991s to 2011. The estimated results show robust positive impact of remittance inflow, exports and government expenditures on economic growth, whereas, FDI negatively affects economic growth. The findings of this study, implies that remittance inflow increases living standards of the recipient country via an increase in economic growth.

Analysis of the Export Performance of Zimbabwe's Manufacturing Sector

Clainos Chidoko* and James Zivanomoyo**

Abstract

The performance of exports gives the growth of exports in relative terms to a nation's export market. Since independence, Zimbabwe's national production statistics in manufacturing have never been smooth. In this study we investigate the main factors that affect export performance of Zimbabwe's manufacturing sector. The study utilises the ordinary least squares regression technique. Exports from the manufacturing sector (EXP) are dependent on Zimbabwe's foreign direct investment (FDI), inflation rate (INF), and political stability(PS). The results of the study suggest that foreign direct investment inflation and political stability are the main factors that affect

Export Competitiveness of Cashew in India and Its Rival Countries in the Global Market : RCA Analysis

Ahamed Kabeer M *

Abstract

Cashew is valuable processed nut on global commodity market and has potential to generate employment and foreign exchange for developing countries. The present paper aims to explore competitiveness of major cashew exporter in global market in the context of new economic scenario. The Time series data from 1991 to 2013 were used to measure Revealed comparative advantage index (RCA) developed by Balassa for competitiveness. It has been found that As a result of competition from rival India has eroding their competitive edge, from 2001 onwards Vietnam registered high RCA index where as India's RCA have continuously declining trend. Indian supremacy in cashew export declining may be due to high price in world market and continuous increase in the domestic consumption. It is observed that among the major exporters (India, Brazil, Vietnam, Netherland, and Indonesia) only India, Vietnam, and Brazil has registered comparative advantage entire study period. It has been suggested that India has to make effective policy to promote export and competitiveness forthcoming years to capture world market.

Assessing the Infrastructure Performance of Indian States: A Normalized Approach

Ramakrishna Nallathiga*

Abstract

Infrastructure provides the necessary services that support economic growth by increasing the productivity of labours and capital, thereby reducing the costs of production and raising profitability, production, income and employment. Extensive and efficient infrastructure is critical for ensuring the effective functioning of any economy. However, the development of infrastructure and its growth may depend upon the peculiar priorities and performance of the State governments in a federal structure of government such as that of India. Some states have grown very fast while some have been sluggish in their infrastructure development, due to various reasons. In this context this study made an attempt to assess the performance of Indian States on infrastructure using the framework of inter-State analysis.

The infrastructure performance of these States has been analysed using infrastructure density data i.e., service capacity created per unit service area or population and the growth performance through 'quadrant analysis'. The assessment of Infrastructure performance of States has been done with reference to each infrastructure categories through the ranking of States in terms of levels over two time periods and growth. The States that have performed on both counts have further been categorised into top and bottom performers. The overall assessment of infrastructure density performance of States has been done subsequently by aggregating sector ranks and then categorising into top and bottom overall performers. These scores are also normalised within and across sectors to get indexed performance.

Drivers of Export Diversification in India: An Empirical Analysis

Swati Shastri * and Ms. Shruti Shastri **

Abstract

The increasing openness of an economy implies greater exposure to external economic shocks. One of the mitigating strategies for such economic crisis is to immunize the economy through a diverse composition of exports. The present study empirically analyses the possible determinants of export diversification in India during 1985-2014. We construct the Herfindahl-Hirschman Index to measure export diversification using SITC classification of items. The results of Johansen Juselius Cointegration technique indicate long term relationship among export diversification, exchange rate, openness, FDI inflows and infrastructure (measured by a composite index of various infrastructure indicators). The long run coefficients obtained using Dynamic Ordinary Least Squares show that an increase in openness of economy as well as depreciation of Indian Rupee lead to a more diversified export profile. An improvement in infrastructure also contributes positively towards diversification. Increase in FDI inflows on the other hand is leading to greater concentration in exports

Data Envelopment and Stochastic Frontier Analysis of Technical Efficiency of Central Hospitals in Zimbabwe

Albert Makochekanwa* and Mrs. Mildred Mapani**

Abstract

The study investigates the extent to which Zimbabwe can improve health outcomes through efficiency improvement. Two efficiency measurement approaches were used to evaluate the efficiency levels of central hospitals in Zimbabwe using data set for the years 2009 to 2013; the two efficiency measurement approaches are the Data Envelopment Analysis (DEA) and the Stochastic Frontier Analysis (SFA). On average hospitals were found to exhibit inefficiency levels of about 37-39%. The DEA calculated Malmquist indices indicated that total factor productivity improved by 2% between 2009 and 2014 largely driven by improvements in scale efficiency. The study found that hospital output can be improved by about 38% without increasing inputs. This will be achieved through improved hospital operating system improved management of resources or close monitoring of human