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ABSTRACTS

The Nexus of Capital Account Liberalization, Financial Development and Economic Growth

Syed Faizan Iftikhar *

Abstract

This paper examines the impact of capital account liberalization and financial development on economic growth by utilizing the data of 71 developed and developing countries over the period 1985 to 2004. The empirical evidence of this study suggests that capital account and financial sector development have statistically and economically correlated with economic growth. These findings indicate that capital account liberalization and financial sector development play an important role in future economic growth. More specifically, in middle and lower income countries, capital account liberalization and financial development also have a positive and significant relationship with economic growth; the effects of capital account liberalization in these countries are much higher than in high income countries. The empirical finding of this study also reveals that financial development boosts economic growth when embedded with a sound institutional framework.

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.

Fast Tracking Development in Africa : The Role of Small Scale Businesses

Ayodeji O. Ojo* and Isaac B. Oluwatayo**

Abstract

Small scale businesses remain a veritable tool for the economic advancement and wellbeing of Africa. This is because of the dominance of small scale businesses in the economic landscape of Africa. Small scale businesses are particularly critical to employment creation, diversification and income redistribution in Africa. The bandwagon effect on security, diffusion of management skills and indigenous knowledge is desirable. The call for youth involvement in small and medium scale enterprises is premised on the dwindling employment capabilities of companies given the army of unemployed youth in Africa. The objective of a small scale enterprise could be cost minimization, output maximization and ultimately profit maximisation or a combination of these. In fact, the health of an economy can be explained by the level of organization and activities of small scale industries. The propelling force into positive economic outcomes provided by small scale businesses in Malaysia, Japan, and South Korea among others is desirable. However, the development of small scale businesses is constrained by undercapitalization, policy inconsistencies and infrastructure deficits among others. The potentials of small scale businesses in terms of job creation, government revenue, infrastructural development, reduction of insecurity and economic diversification among others cannot be overemphasized. The paper recommended participation of small scale business owners in cooperative societies in order to increase access to credit and market. It is also suggested that the business concerns should be at the centre of all economic policies. Government and private businesses should increase and monitor investments in basic infrastructure.

An Empirical Analysis on Public Expenditure and Growth in Kerala

Shamna Thachaparamban*

Abstract

The paper analyses the relationship between public expenditure and gross state domestic product of Kerala using time series data for the period 1991-92 to 2012-13. The cointegration test proves that there is a strong unidirectional relation from GSDP of Kerala to public expenditure and weak reverse relation. Where there is no any such causality between development expenditure and GSDP. So, the paper indicates the need that the policy intervention of state finance has to consider measures to curb non developmental revenue expenditure growth and to boost the growth of GSDP of the state.

Contractual Relations and Conditions of Workers in the Urban Informal Sector in Arunachal Pradesh : Implications for Social Security

Vandana Upadhyay *

Abstract

This paper attempts to locate the working and living conditions of informal sector workers in urban areas of Arunachal Pradesh, a mountainous border state located in the north-east of India. The institutional peculiarity of the urban informal sector in the state includes the inner-line permit system that restricts the entry of outside labour to the state and the laws preventing transfer of land to people from outside the state. Thus the lack of industrialization, predominance of government service within the non-farm sector, and an ethnically diverse, labour force with a substantial migrant component have shaped the growth of micro-enterprises in the state. The labour relations in the informal labour market in the state have been influenced by these specificities to a great extent. Further, the contractual arrangements in the study area were found to be exploitative in nature. Some of these peculiarities have been captured by the primary survey.

Efficiency of Education Sector of India : A Case of Rajasthan State

Brijesh C Purohit*

Rajasthan being India's largest state comprising 10.4% of India's total area is located on the western side of the country. The state is divided into 33 districts. Over the 1990s and early 2000s, enrolment rates at the primary level were rising and gender gap converging, though female enrolment rate is still to catch up with that of male. There also exist considerable differential across districts in the State. As per survey in 2012, overall literacy varies from 55.58 percent (Jalore) to 77.48 percent (in Kota).

In this paper, considering the district level variations in literacy and other pertinent socio-economic variables we explore whether efficiency in education in district level enrolments is merely a reflection of the other conditions or is it owing to lack of efficient utilization of available educational input variables. Thus we estimate district level efficiency in enrolments at primary and upper-primary levels, in government and private schools, in Rajasthan and look into reasons for their differentials. Using data for the period 2008-2012 and applying stochastic frontier analysis our results indicate that a strong role is being played by economic development parameters like income and urbanization. And simultaneously direct educational interventions seem to play a positive role in enhancing enrolments at different levels. Therefore an education policy should capture district specific gaps to strengthen the outcomes. This may thus necessitate more information at district level both in terms of educational and economic parameters and this information gap needs to be overcome through planning process.

Credit Management in Banks in India: Bank-wise Analysis

Richa Verma Bajaj*

Abstract

This paper studies the loan asset quality and overall position of credit management of public sector banks and private sector banks in India, for a period of 2001-02 to 2013-14, for which the required secondary data is available. It emphasizes on ratios relating to default risk, reduction in NPAs and restructuring. The analysis brings out that at the overall level, the gross slippage ratio; NPA level in agriculture, industry and services sector; up-gradation to reduction ratio; write-offs to reduction ratio; slippages to recovery and up-gradation ratio; restructured advance ratio; and stressed assets ratio are found higher in public sector banks than in private sector banks. This clearly indicates that slippages are more in public sector banks which have resorted to write-offs and restructuring extensively simply to report lower NPAs. Whereas, among private sector banks, NPAs in personal loan segment, recovery to reduction ratio, up-gradation to slippage ratio, recovery to slippage ratio indicate better recovery. To conclude, overall management of credit as well as management of NPAs portfolio is important for smooth functioning of the whole financial system.

Crop Holiday versus Employment Guarantee: An Indian Experience of Godavari Delta Region

Satyanarayana Turangi *

Abstract

Under the regime of neo-liberal reforms, Indian agriculture has become unviable with lack of profitability by facing so many bottlenecks. Especially cost of cultivation increases several folds compare to past, therefore, it results poor returns and negative too. While down fall of agriculture in recent days, paddy farmers of the Godavari delta region were made allegations through the declaration of crop holiday. These crop holiday farmers seriously blame the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) for increasing wage rates, high cost of cultivation, decreasing profitability, labour shortage, etc. This study is intended to examine how the MGNREGA become responsible for agrarian distress in the crop holiday region.

Problems and Prospects of Small Coffee Growers of Wayanad District, Kerala

N. Karunakaran* and V. Vineesh**

Abstract

Coffee cultivation is not an easy business and various factors are adversely affecting it at present. A sharp decline in the price of produce, increasing input cost, scarcity of workers, lack of support from the coffee board and increasing price of fertilizers are the major concern of the farmers. Small coffee growers can't stock coffee for a long time and force to sell the product because of financial requirements, if there is only a low price prevailing in the market. Traders exploit this opportunity and make profit. Labour scarcity is another sever problem; in the case of coffee it requires women labour. Small coffee growers fail to acquire technological improvement to cover the labour scarcity and climate change and have limitation to achieve technologies from coffee board due to high cost and mode of payment of subsidies. The pooling system of coffee board to support small coffee growers to get better price should be restarted and the mode of payment of subsidies may be changed.

**Constraints in the Choice of Courses for Higher Education:
Empirical Findings based on a Sample Survey**

Jinusha Panigrahi *

Abstract:

This study seeks to probe the issue of choice in access to higher education in the context of the changing sources of financing of the higher education sector. With the growing competition in a neo-liberal economy the distortions in the choice of courses in higher education sector due to multiple factors are empirically examined from a primary survey using the Multinomial Logistic Regression method.

**Development of Rural Small Enterprises during Liberalisation: A
Study of Gujarat and West Bengal**

Subrata Dutta *

Abstract

The question that often comes up in relation to development research is: How can rural income and employment grow in developing regions which are primarily agrarian in nature? Given the fact that both urban-linked large industry and agriculture have limitations to absorb growing rural labour-force, several scholars have emphasized the adoption of rural industrialization strategies as a means to generate income and employment in developing countries. In this context, this study covers two Indian states — Gujarat and West Bengal — since 1991 (the beginning year of economic reforms) and discusses various issues related to development of rural small enterprises.