JiE

Journal of
INTERNATIONAL ECONOMICS

Volume 7, No 1, January-June 2016

ISSN 0976-0792

Research Articles

Indexed in:
- Ebsco Database
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IPE INSTITUTE OF PUBLIC ENTERPRISE

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Journal of International Economics
ISSN 0976-0792 Volume 7, Issue 1, January-June 2016, pp.4-16

Empirical Evidence on Indian Exports of Gold Jewellery Products and Its Trade Partners

Naresh Kumar

Indian gold jewellery in global market preferred and appreciated for its various merits such as less maintenance, unique quality and fine polish. According to Export Import Data Bank (EXIM Bank) Indian gold jewellery can be categorized in four products, which contribute a lot in total gems and jewellery exports. Total exports of gold jewellery recorded a marginally increasing trend over the study period from 2003-04 to 2013-14, it has increased from Rs. 854915.52 lacs in 2003-04 to Rs. 5803766.36 lacs in 2013-14. Jewellery of gold unset has the highest growth rate, i.e., 29.443 per cent followed by jewellery of gold set with precious and semi precious stones other than diamond, jewellery of gold set with diamond and jewellery of gold set with pearls. The first fifteen countries come in the high potential category, which demonstrates an enormous potential market for the Indian exports of gold jewellery.

Keywords: *Exports, Proportion, Percentage Share, Index of Growth*

Prologue

Indian jewellery is unique and its history as old as the history of the country itself. In India, jewellery for adornment is being used since centuries. If we talk about gold jewellery we find that several historical evidences have been found that Indian women wore gold jewellery every time: Bracelets, earrings, armlets, nose rings. The symbol of married status 'Mangalsutra' etc. all have been a part and parcel of Indian women, historically. During the Mughal period gold jewellery of India obtained its global touch and filigree work, embedding, enameling stones in gold got great popularity. In Orissa and Andhra Pradesh filigree jewellery is very popular. (www.daagina.com/Indian_jewellery_history_pdf).

Indian gold jewellery in global market is preferred and appreciated for its merits such as less maintenance, unique quality and fine polish etc. Gold jewellery used in India was the largest volume in the year 2008. The estimated consumption was 501.60 tonnes which was 23 per cent of world demand. Demand for gold jewellery has been increasing, inspite of increase in gold prices. (Exim Bank, 2010). According to Export Import Data Bank (EXIM Bank) Indian gold jewellery exports can be categorized in

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Journal of International Economics
ISSN 0976-0792 Volume 7, Issue 1, January-June 2016, pp.17-31

Competitiveness of India's Software Industry: A Macro Level Analysis

Prashant V Kadam and **PK Sudarsan**

India's software industry has grown in a spectacular fashion. Given the external and internal factors affecting the software industry, the basic question is whether India's software industry has improved its competitiveness in relation to its competitors like Ireland, China, Russia, Singapore, etc. The present paper has developed a software competitiveness index to measure the competitiveness of software industry of selected countries from the advanced economies and emerging economies. The index is based on its strength in business environment, human resource endowment and technological development. The study found that Singapore has the most competitive software industry among all countries considered. Among the emerging economies, Israel occupied first position and followed by China. India has third position among the emerging economies and Eleventh position among all countries taken together. Component wise analysis of software competitiveness index revealed that, India is very weak in technology base as compared to our competitors. The implications of the study are that (i) India has to compete with mainly China and Israel to improve its software exports and (ii) India should improve its technological base in order to catch up with China and Israel, and (iii) India has to go a long way to reach the league of advanced nations in the competitiveness of software industry.

Keywords: *Software Industry, Competitiveness, Business Environment, Human Resource, Technology*

Introduction

India has become one of the fastest growing economies in the world over the last two decades, arguably aided in its performance by economic reforms. However the striking aspects of India's recent growth has been the dynamism of the service sector, particularly information technology (IT) and IT enabled services (ITES). India's services exports has grown much faster than that recorded by the world during the past decade and a half and in fact became an inspiration for other developing economies. India's services trade currently constitutes about 32 per cent of the country's total trade. Due to such rapid growth in services exports, India has succeeded in raising its penetration in global markets more rapidly for services than for goods.

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Journal of International Economics
ISSN 0976-0792 Volume 7, Issue 1, January-June 2016, pp.32-61

Forecasting Gold price with Box Jenkins Autoregressive Integrated Moving Average Method

Rakesh Kumar Sharma

Gold had remained the best alternative of investment as compare to other investment alternatives even in the recession period in India. It had shown quite enough growth in recent past years. Due to its past trends, it had boosted many Indian investors to invest in gold. But from last one to two years, it had shown lot of fluctuations. On the one hand, BSE sensex value had shown increasing trends in past few years. Gold price had declined after attaining highest level. In this paper an attempt has been made to develop a forecasting model for gold price in India. The monthly sample data of gold price (in INR per troy ounce) were taken from 1st January 1995 to 1st June, 2014. Data up to till 1st June, 2014 have used to build the model. The unit root tests of Augmented Dickey Fuller II and Philips Perron have been used to test the gold price series is stationary or non stationary. It is observed that series were stationary at first difference. Box-Jenkins's Autoregressive Integrated Moving Average of Box-Jenkins methodology had been used for developing a forecasting model of gold price in India. Different models have been tried to obtain best suitable model for forecasting. Results state that ARIMA (3,1,3) best suitable to predict the gold price in India.

Keywords: *ACFs – Autocorrelation Coefficients, PACFs – Partial Correlation Coefficients, AIC – Akaike Information Criteria, SIC – Schwarz Information Criteria, Correlogram, ADF – Augment Dickey Fuller, PP – Philips Perron.*

Introduction

There are various investment alternatives which are available to an Indian investor. An investor may select one or a combination of the best investment options which appeals to him or her. The selection of the investment options also depend on the age, income, dependents, etc of a particular person. The only form of investment which most of our mothers and fathers would believe in. Gold is considered as the best investment in India, that is the only reason why India is the highest consumer of gold in the world. Most of the people in India buy physical gold (Chirag, 2013).

Gold is considered one of the hard commodity, but it can also be considered a currency. All the currencies of various contraries are backed by gold including India. In India, it

JiE
Journal of International Economics
ISSN 0976-0792 Volume 7, Issue 1, January-June 2016, pp.17-31

An Analysis of India's Trade Flows: During the Post-Reform Period

G Raghavender Raju and **Vishwanath Pandit**

International trade plays a significant role in promoting higher economic growth in any economy. In India, after balance of payments crisis, the government adopted various trade policies to give further impetus to the growth of trade flows. In accordance to this the government entered into various foreign trade agreements with many developing and developed economies with an aim to expand the foreign trade. Consequently, the exports and the imports of the country have been surging tremendously since 1990. But, the growth rates of these trade flows have been very sporadic. This volatility in the growth rates of the trade flows can be attributed to intermittent changes in the macro-economic variables like exchange rate, prices, world income etc. This dissertation analyses the major developments in India's trade flows during post liberalisation period and examines the growth, composition and direction of the trade flows since 1990. In addition to these objectives, the work also attempts to determine the various factors that impede or promote the growth of these trade flows in India during post-reforms period.

Keywords: *International Trade, Export and Imports, Economic Growth, Econometric Model*

Introduction

International trade plays a significant role to put the country on the track of rapid growth. It also integrates an economy with the rest of the world. In India the major economic reforms that came into existence in the year 1990 had a very great impact on the international trade front as well as on the economic growth front. These economic reforms opened the economy or linked the economy with the rest of the world with a greater emphasis on the market forces and the role of the private sector. The various reforms include reduction of tariff rates, special incentives for the promotion of exports, devaluation of the currency, and convertibility of rupee on current account and the removal and elimination of certain barricades which stalled the growth process like license raj system, bureaucratic control, and elimination of MRTP. These reforms had given an initial push to the economy to place itself on the path of achieving higher economic growth. Also, there were many reasons for initiating these reforms as the

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Journal of International Economics
ISSN 0976-0792 Volume 6, Issue 2, July-December 2015, pp.78-93

The Impact of Macroeconomic Fundamentals on Stock Prices Revised: A Study of Indian Stock Market

Gurmeet Singh

The study investigates the relationships between the Indian stock market index (BSE Sensex) and five macroeconomic variables, namely, industrial production index, wholesale price index, money supply, treasury bills rates and exchange rates over the period January 2007 to March 2014. Johansen's co-integration and vector error correction model have been applied to explore the long-run equilibrium relationship between stock market index and macroeconomic variables. The analysis reveals that macroeconomic variables and the stock market index are co-integrated and, hence, a long-run equilibrium relationship exists between them. It is observed that the stock prices positively relate to the wholesale price index, money supply and interest rate but negatively relate to index of industrial production and exchange rate. The index of industrial production and the exchange rate are found to be insignificant in determining stock prices. In the Granger causality sense, there is bi-directional causality between exchange rate and stock market index and interest rate and stock market index. Interest rate causes stock market index in both long run and short-run. The findings show the evidence of causality from stock price index to wholesale price index in both long-run and short run but not other way around. Furthermore, it is observed from the findings that money supply causes stock prices only in the long-run but not in short run.

Keywords: *Macroeconomic Variables, Co-integration Test, VECM Model, Causality Test*

Introduction

Stock markets play an important role in growing industries and commerce of a country that eventually affect the economy. Its importance has been well acknowledged in industries and investors perspectives. The market index provides a historical stock market performance, the yardstick to compare the performance of individual portfolios and also provides investors for forecasting future trends in the market.

The stock markets of emerging economies are likely to be sensitive to factors such as changes in the level of economic activities, changes in the political and international

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Journal of International Economics
ISSN 0976-0792 Volume 6, Issue 2, July-December 2015, pp.94-110

Determinants of Exports in Major Asian Economies

Neena Malhotra and **Deepika Kumari**

This paper attempts to examine determinants of export performance of selected Asian economies during 1980-2012. The selected region in the study comprises of three sub-regions namely East Asia, Southeast Asia and South Asia. East Asia includes China, Japan and South Korea; Southeast Asia includes Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam whereas South Asia contains Bangladesh, India, Pakistan and Sri Lanka. Using aggregate annual data, Ordinary Least Square (OLS) approach has been used to estimate the impact of various factors on exports performance of these Asian economies. Along with conventional demand and supply factors like world demand, real effective exchange rate, production level or capacity and relative prices, the study also incorporates the effect of foreign direct investment (FDI) inflows and trade openness on exports performance.

Keywords: *World Demand, Real Effective Exchange Rate, Export Performance, FDI.*

Introduction

Exports play an important role by contributing to economic stability, growth and long term development of an economy (Singh, 2014). The export performance of an economy is determined by several factors. Determinants of exports comprise of external and internal factors. External factors are related to demand-side conditions whereas internal factors are associated with supply-side conditions (Fugazza, 2004). Numerous external and internal factors have been studied in the literature depending upon the nature of economies being studied. The important factors included in this study are based on existing literature and economic conditions of selected Asian economies.

Asian region includes diverse set of countries – in terms of level of development, size, structure and openness to trade. The region is featured by larger population as it comprises of two most populous countries in the world. At the economic level the past three decades of selected Asian economies has been marked by the pursuit of the implementation of economic reforms to enhance the country's economic performance.

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Journal of International Economics
ISSN 0976-0792 Volume 6, Issue 2, July-December 2015, pp.111-123

Growth and Diversification of Manufacturing Export in India Since 1991

SUFAIRA C

Export has become a key component of economic growth for almost all the countries over the globe. The rise in export volume was accompanied by a marked change in its composition. Today, India can be acknowledged as the one of the fastest growing economies in the world, even though India's share in world export is below 2%. The manufacturing export is likely to fall from 62.3 % in 2012-13 to 61.4% in 2013-14. Both the domestic and external environments plays an important role in shaping the country's trade with the rest of the world and the basic structure of trade consists of export composition and direction. In this context, this paper focuses on the following issues; firstly, to what extent do manufacturing commodities influence the volume of export. Secondly, which direction can influence high volume of export.

Keywords: *Export, Growth, Composition, Diversification*

Introduction

In 1991, the opening up of the economy presented a wide range of opportunities and advantages to the trade sector in India. It mainly focused on external sector so as to improve trade performance of the country and to increase its share in world exports. Indian economists and policymakers have shown a considerable participation to accelerate the growth of exports. Now, India is an open economy which depends on external trade to achieve its economic growth and economic development. The growth rate of either exports or imports is one of the most common indicators used when assessing the progress of an economy in an economic activity (UNCTAD, 2002). The nature and extent of the export performance assessed by India's share in global exports and also its structural pattern and compositional shift.

The growth of a country's export is determined by many internal and external factors (Singh, 1964). Besides internal factors, any change in a country's exports mainly influenced on changes in world demand for those products. Presently, the structure of exports or their diversification is crucial for productivity and resource allocation to