CHALLENGES OF GLOBALISATION INDIAN PERSPECTIVE

Dr. G. Ramesh Babu*

ABSTRACT

Privatization, liberalization and globalization are becoming more popular words throughout the world. Privatization means providing opportunity to the private parties to show their effeciciency in all walks of business aspects. Globalization means all nations are the neighbors of the villages. The money is rotating towards a powerful factor which is profit. Profit is the oxygen for all business and commercial enterprises. The financial resources are traveling throughout the globe on supply and demand basis. Money is rotating towards profit element. Profit is the bread and butter of the corporate sector. There will be a misbelieve about these three policies that they will exploit the poor nations. International trade has been expanding as a share of world GROSS DOMESTIC PRODUCT ever since the end of World War II. Since the mid 1990s, the expansion in the world GDP has been largely grossing up for individual countries exports and imports. Over the past decade there has been an expansion of trade with emergence of an active role played by developing economies like India. China, Brazil and others coupled with the large US trade and current account deficits, the emergence of EURO and the correction in the overpriced US DOLLAR. FOREIGN DIRECT INVESTMENT (FDI) is another important phenomenon in view of the implementation of globalization policy adopted by the government of India. The globalization wave is not caught by the India only almost all nations on the globe are breathing about this mantra. Hence the FDI factor cannot be ignored at the present situation. FDI flows are generally believed to be influenced by economic indicators like market size, export intensity, institutions etc., irrespective of the source and the destination countries. FDI inflows are based on the concepts of neighborhood and extended neighborhood. There is several research studies had been conducted to study about the impact of FDI on the Indian economy. The study shows that the neighborhood concepts are widely applicable in different contexts particularly for CHINA AND INDIA. INDIA AND CHINA are the biggest market for the multinational companies on the globe. These two nations are battlefield for the marketing of their products. Historically foreign direct investment inflow in the original neighborhood was strongly influenced by technological and economic hegemony that created competitive advantage for US as compared with the Western Europe at the end of the Second World War. The end of the war presented an opportunity for the US.

Keywords: *Globalisation, Gross Domestic Product, Foreign Domestic Investmen, Euro, Productivity, Market Driven Economy, Economic Indicators, Digital Economy*

*Lecturer in Commerce, S. S .R. J. College, Pumpingwell Road, Khammam, A. P., India

Privatization, liberalization and globalization are becoming more popular words throughout the world. All these words are mantras for all nations. Privatization means providing opportunity to the private parties to show their effeciciency in all walks of business aspects. Privatization is a tool and weapon for all governments to fight against poverty. Poverty is the enemy for all nations. Poverty is a powerful factor on the globe and every nation is facing problems due to its attack. It can be faced with powerful tools and weapons which are now becoming mantras of the globe. Poverty is a universal problem which will be countered with best weapons. It can be handled with very delicately otherwise the weapon will be misfired. Liberalization means reducing the hurdles for speedy industrial development. The dismantling of licenseraj is known as liberalization. The new economic reforms 1991 was introduced all these aspects to fight against poverty. As per the liberalization rules and regulations, in India if any industrialist wants to establish a business unit, he is required to submit 5 documents only. The speedy disposal of his clearance will make to attract more industries. A peace of speedy industrialization will definitely helpful to become prosperous nation. The standard of living can be increased; higher productivity will be achieved with the help of new technology. Foreign collaboration is a more important factor for developing of a nation. Globalization means all nations are the neighbors of the villages. The money is rotating towards a powerful factor which is profit. Profit is the oxygen for all business and commercial enterprises. The financial resources are traveling throughout the globe on supply and demand basis. Money is rotating towards profit element. Profit is the bread and butter of the corporate sector. There will be a misbelieve about these three policies that they will exploit the poor nations. The poor nations will become poorer and rich will become more rich nations, however the poverty is the basic factor which cannot be ignored and it is a universal problem. The world economy at the turn of the century has influenced the process of globalization, global partnership and capital flows as a portfolio of global socio economic enrichment. The reallocation of goods and services without the movement of labor, emergence of developing countries like India and as an exporter of goods and services and also as a provider of the largest consumer base for the world trade, weakening of dollar and improvement of terms of trade have been some of the remarkable trends in world investment.

International trade has been expanding as a share of world GROSS DOMESTIC PRODUCT ever since the end of World War II. Since the mid 1990s, the expansion in the world GDP has been largely grossing up for individual countries exports and imports. Over the past decade there has been an expansion of trade with emergence of an active role played by developing economies like India. China, Brazil and others coupled with the large US trade and current account deficits, the emergence of EURO and the correction in the over priced US DOLLAR. With the benefits from trade being observed by the developing region, the developing economies have fuelled the creation of factors for enhancing growth, this enrichment of factors of growth has been extensively investing in improvement of infrastructure, creation of more flexible but sound financing systems, developing market driven economic systems, deepening of financial markets so as to achieve desired economic goals with equitable contribution to pre-existing social economic frameworks. India started liberalizing its economy to make Indian industries more efficient and globally competitive. The liberalization process is still continuing. The removal of entry and licensing barriers would expose Indian firms to global competition and compel them to improve their efficiency and productivity and introduce new processes and products. Trade reforms aimed at exposing Indian firms to global markets will compel them to produce better quality goods. Removal of import restrictions and currency transactions will enable them to import better quality material with low prices and technology. Fdi inflows will have technology and productivity spillover effects and would improve the productivity of Indian firms. The past several research studies exposed many facts about liberalization, globalization and privatization. Some of the studies conducted for the post liberalization period report mixed findings. BAL Krishnan, pushpangadan and babu 2000: Krishna and mitra 1998: srivastava 1996, 2000: bartelsman and Doms 2000: goldar and kumari 2003. The studies explored many things about the policies such as the equivocal nature of the results of studies conducted for India and other important questions relating to the usefulness of inter industry studies and the reliability of total factor productivity estimates by Bertelsmann and Dooms 2000. The research findings explored new insights about the corporate sector. During an era of liberalization, new firms with more advanced technology are likely to enter an industry and the existing firms are expected to develop a strategy to meet the challenges from the new entrants and in particular multination national companies. In this situation, the homogeneity assumption that is, all firms in an industry are alike might not be valid. The studies explored by Liu and TYbout 1996 in an industry consisting of a variety of firms that differ in terms of their access to technology, knowledge and other intangible assets, liberalization would result in gainers and losers and the productivity gap between firms in an industry could widen. Hence the average productivity levels of an industry need not increase due to liberalization process. The implementation of liberalization process pushes Indian corporate sector to face the competion thrown by the multinational companies which generally having high technology and skills. Domestic firms should be geared up to fought with their counter part mncs. The study by Das 2003 shows that the total factor growth in the 1990s was lower than in the 1980s. As per the results of the study in the post liberalization period total factor productivity did not contribute much to growth. The study made by RAY in 2003 analyses the impact of liberalization measures and the consequent technological changes on the efficiency of firms. Srivatsava studied in 2001 about the technical efficiency for the period 1980-81 to 1996-97 and reported a decline in the mean efficiency during the 1990s compared to the pre-liberalization period of 1980s. The paper by GOLDAR RANGANATHAN AND BANGA (2003) analyses the effect of ownership on the efficiency of engineering firms in India in 1990s. Technical efficiency of the firms is estimated with the help of a stochastic frontier production function using parametric techniques. A comparison of technical efficiency is made among three groups of firms such as ‘’FIRMS WITH FOREIGN OWNERSHIP, DOMESTIC FIRMS, PUBLIC SECTOR FIRMS”. Their study shows the mean technical efficiency of foreign firms to be higher than that of the domestic companies. Their study further confirmed that trade liberalization seems to have contributed to the efficiency of the Indian enterprises.

The paper by SIDDHARTHAN AND LAL (2003) argues that in analyzing the impact of liberalization on productivity spill over, it is essential to take into account the entry of new enterprises and the exist of some older ones. Labor productivity measures used by earlier studies do not take into account heterogeneity in the skill content of the workforce. In the study, they advocated another measure namely value added per unit cost of labor, which avoids the problem posed skill diversities and the consequent wage differentials of the workers.

The paper by BANGA 2003 concentrated on impact of the source of foreign direct investment on its productivity growth. Productivity growth in Indian manufacturing sector is carried out for Japanese affiliated, US affiliated and domestic firms in three broad industrial categories where both Japanese and US firms are significantly present namely automobiles, electrical and chemicals for the period 1993-94 to 1999-2000. The study further found that Japanese firms have managerial advantages like just in time delivery, total quality management, and quality circles.

The study made by NARAYANAN 2003 explored with the determinants of the growth of the firms in a particular sector (automobiles) and found that the underwent rapid technological changes in the sector. He saw the entry of new firms in the liberalized era.Firms in the automobile industry witnessed a change in basic technology configuration of the production process during the sample period of 1980-81 to 1984-85, 1985-86 to 1990-1991 to 1995-96.

Therefore he expects the technology factors to play a crucial role in determining the growth of firms. The study uses two way fixed effect estimation of the growth function. The results of the estimated fixed effect model support the hypothesis that inter firm differences in growth are determined mainly by variables capturing technology paradigm and trajectory shifts. Thus growth is mainly technology driven.

FOREIGN DIRECT INVESTMENT (FDI) is another important phenomenon in view of the implementation of globalization policy adopted by the government of India. The globalization wave is not caught by the India only almost all nations on the globe are breathing about this mantra. Hence the FDI factor cannot be ignored at the present situation. FDI flows are generally believed to be influenced by economic indicators like market size, export intensity, institutions etc., irrespective of the source and the destination countries. FDI inflows are based on the concepts of neighborhood and extended neighborhood. There is several research studies had been conducted to study about the impact of FDI on the Indian economy. The study shows that the neighborhood concepts are widely applicable in different contexts particularly for CHINA AND INDIA. INDIA AND CHINA are the biggest market for the multinational companies on the globe. These two nations are battlefield for the marketing of their products. Historically foreign direct investment inflow in the original neighborhood was strongly influenced by technological and economic hegemony that created competitive advantage for US as compared with the Western Europe at the end of the Second World War. The end of the war presented an opportunity for the US. There are several studies conducted regarding foreign direct investments in India. The study made by DAVIDSON 1980 and KOGUT 1983 explored many things about foreign direct investments in India. The study explored that UK was the single most important foreign direct investment inflow destination after Second World War. The study further reveals that after Second World War there was no damage to the UNITED KINGDOM. TEECE et al (1994) have identified two characteristics of satisfying strategies i.e., repetitive nature and local scope of experimentation. The repetitive nature suggests that the private capital flow experience will be directly related to existing organization routines. The local scope of experimentation implies the near neighborhood investment is preferred (LEVINTHAL 1993) he argued that the satisfying strategy of a firm should balance the exploitative and explorative since both are sine qua non for the present and future viability of firms. Hence we turn out attention to the intermediate neighborhood. Interestingly, the US was the world's biggest borrower in 1913. It had begun investing abroad, predominantly in its local neighborhood - CANADA MEXICO AND THE CARRIBEAN TWOMEY 2001. HAGEDOORN AND NARULA

(1995) have provided empirical data to demonstrate that both the GDP growth rate and the foreign direct investment growth rate of GERMANY were higher those of EC-6. They argued that US companies preferred to invest in GERMANY rather than in the other members of the EC-6. FDI in Germany grew at over 4.3 times the real rate of real GDP (1972-82) compared with 3.3 times recorded by EC-6 as a whole. US multinational firms were treating GERMANY as original neighborhood. HAGEDOORN AND NARUALA 1995 explored that INTEGRATION was highly influential factor for FDI inflow for neighborhood countries. As the intermediate neighborhood moved towards a single market, the perfect destination of FDI became less important. Due to market growth potentials of this neighborhood, we companies started to diversify their production activities to exploit the advantage of the single market. PURSELL (1981) explored that there have been two types of foreign capital inflows to the extended intermediate neighborhood: specific and non-specific foreign capital. Specific foreign capital inflows are in the form of equity or debt, specific to a particular investment project: they are specific in the sense that the funds would not have entered the country unless that project was undertaken, and they do no affect the general borrowing ability of the country. Non-specific or nationally controlled foreign capital inflows are "borrowed on the basis of the general creditworthiness of the country, fungible between alternative investment projects and constitute part of the general fund of investible resources". Knowledge and practices - technical, management, and marketing without which the project would not be undertaken, has influenced private capital inflow to the neighborhood. BORDO ET AL (1999) found that FDI inflow is influenced by financial integration or globalization of financial markets. Although there is evidence of large net capital flows from European countries to countries in the periphery for financing governments or railways in the pre-1913 period, portfolio investments were notably absent, and the flows were long term compared with the much larger relative volume of short term flows today. The process of global financial integration has been fuelled primarily by the liberalization of markets. BACCHETTA AND WINCORP (1998) have shown that the gradual nature of liberalization combined with the costs of absorbing large inflows in emerging economies leads to rich dynamics of capital flows. THE ECONOMIC AND SOCIAL SURVERY OF ASIA AND THE PACIFIC (ESCAP) shows that stock markets have assumed an increasing role in mobilizing domestic resources and providing a wider range of financial services. The survey further explored that due to the deregulation, liberalization and other policies that foster the development of stock markets. MARTSON (1997) also linked the progress made in integrating the financial markets of the major industrial countries UNITED KINGDOM, FRANCE, GERMANY JAPAN AND THE US to deregulation and liberalization. He argued that deregulation and liberalization succeeded to an extent as interest rates in a single currency are nearly the same regardless of whether they are offered in national or euro currency markets. BECHAERT (1999) studied the interrelationship between capital flow returns and dividend in 20 emerging markets and concluded that after liberalization, equity flows increase by 1.4 per cent of market capitalization. LALL (2001) explored that FDI inflows to the extended neighborhood became explorative and brought changes in repetitive and local experimentation with new alternatives in its wake. FDI was reduced to identifying some critical variables that would enable producers to be competitive in the extended neighborhood. Put differently the ability to compete started depending on the use of techniques, skills and organizational forms as compared to international levels of cost, quality flexibility and delivery. As noted by ARNDT (2000) one of the innovative features of the current phase of globalization is the fragmentation of production into production networks based on component specialization and intra product trade. If offers groups of small countries the opportunities to make open regionalism work by enhancing their productivity and competitiveness as well as welfare of their nationals. This concept is equally applicable to the CARRIBEAN, although ARNDT (2001) justifies it for the ASEAN. As production networks grow in the ASEAN region, this provides an opportunity for both china and India to participate in these networks in their extended neighborhood, with their respective component specialization.

THE liberalization process undertaken in India ushered in wide ranging changes and resulted in the adoption of a number of pro market policies that spanned the whole economy. Changes have taken place in almost all the important sectors of the economy including capital markets, the external sectors, banking and industrial sectors. CAVES (1992) found that there are 5 factors in differences in efficiency they are (I) competitive conditions (ii) organizational factors (iii) structural heterogeneity (IV) dynamic disturbances (v) regulation.

The development of any nation depends upon its gross domestic product. GDP is an important and influential factor in achieving the prosperity of any nation. GDP is the barometer for development of all nations. The consumer price index is another important and most powerful tool in achieving prosperity. The main aim of these policies of the governments is to attack common enemy of poverty. Poverty reduction is all nations objective.

TABLE NO.1
STATEMENT SHOWING SELECTED ECONOMIC INDICATORS

DEVELOPING ASIA

PARTICULARS	2000	2001	2002	2003	2004	2005	2006	2007
A.GROSS DOMESTIC PRODUCT (Annual % change)								
DEVELOPING ASIA	7.1	4.3	5.8	6.7	7.3	6.5	7.2	7.0
EAST ASIA	8.1	4.6	6.7	6.7	7.8	6.7	7.7	7.1
SOUTHEAST ASIA	6.2	1.9	4.2	5.0	6.3	5.4	5.5	5.7
SOUTH ASIA	4.5	5.2	3.9	7.8	6.4	6.7	7.2	7.5
CENTRAL ASIA	8.5	10.8	8.1	10	10.4	8.7	10.3	9.8
THE PACIFIC	-0.5	0.6	0.8	2.6	2.6	2.3	2.9	3.0
B. CONSUMER PRICE INDEX (Annual % change)								
DEVELOPING ASIA	2.2	2.4	1.5	2.4	3.9	3.7	4.0	3.7
EAST ASIA	0.6	1.2	-0.1	1.3	3.3	3.1	2.4	2.7
SOUTHEAST ASIA	2.4	4.6	4.2	3.3	4.2	4.3	7.3	4.9
SOUTH ASIA	6.3	3.7	3.5	5.1	5.9	4.9	6.1	5.4
CENTRAL ASIA	17.2	14.3	10.9	5.7	6	6	7.9	6.3
THE PACIFIC	9.1	6.4	7	8.6	3.6	3.4	2.9	2.8
C.CURRENT ACCOUNT BALANCE (% OF GDP)								
DEVELOPING ASIA	2.8	2.8	3.8	4.3	3.7	2.6	3.9	3.4
EAST ASIA	2.5	2.6	3.7	4.3	4.2	2.9	5.5	4.8
SOUTHEAST ASIA	8.1	6.9	7.4	7.8	7.1	6.2	5.6	5.2
SOUTH ASIA	- 0.8	0	1.1	1	- 0.7	- 1.2	- 3	- 3.1
CENTRAL ASIA	1.6	- 3	-2.2	-2.5	-1.9	-3.2	2.9	4.8
THE PACIFIC	3.9	3.9	-1.7	0.3	-0.7	-0.8	-	-

SOURCES: ASIAN DEVELOPMENT OUTLOOK 2005-06

ALL important financial numerical information is presented in table no.1. The table consists of information about GROSS DOMESTIC PRODUCT, CONSUMER PRICE INDEX LEVELS, AND CURRENT ACCOUNT BALANCE has been presented for deeper analysis. The data related for the period from 2000 to 2007. The table further reveals that in the year 2000 the highest GDP increase was found in EAST ASIS WITH 8.5% and PACIFIC occupied last place. In the year 2001 CENTRAL ASIA occupied IST place with 10.8% and PACIFIC WAS in last place. CENTRAL ASIA OCCUPIED first place in all years from 2002 to 2007. THE PACIFIC area remains at last place for all the study period 2002 to 2007. The table further reveals that the consumer price index levels related to the period 2000-07. CENTRAL ASIA shows highest consumer price index levels during the period under the study. EAST ASIA had lowest consumer prices index levels during the period of the study.

CURRENT ACCOUNT BALANCE is another important tool to assess the financial capabilities of a nation. SOUTH EAST ASIA SHOWS a strong current account balances during the period of the study.

INFLATION is an important and powerful indicator about the financial health of a nation. Inflation is up to some extent is feasible but a high dose of inflation levels were not desirable. Inflation at controllable is well acceptable and uncontrollable situation may leads to become insolvency by a nation. It dismantles all the financial system. All the information about inflation in ASIA CONTINENT was presented in table no.2. The table contains all numerical information related for the period 1998 to 2007. The average inflation rate for the year 1998 was found at 6.1 which were highest during the period of the study. LAOPOELS occupied its place with highest inflation levels recorded at 91.5% in the year 1998. In the year 1999, the highest inflationary levels found in case of LAOPOELS with 128%. In the year 2000, the highest inflationary levels recorded by khazikisthan at 13.5% levels. In the year 2001 the highest inflationary levels recorded by Tajikistan with 36.5% levels. In the year 2002 the highest inflationary levels occupied by PAPUA with 14.7%. MAYANMAR occupied the first place with high inflationary pressure in their economy with a 35% of levels in 2003 period. In the year 2004, the highest inflationary levels found incase of SAMOA of 11.7%. In the year 2005, the highest inflationary levels found by MANGOLIA. INDONESIA placed with first of the highest inflationary levels in the year 2006.In the year 2007, the highest inflationary pressure levels recorded by LAOPOLES with 7.5% levels. However the implementation of globalization policy needs a careful and thoughtful observation in achieving its goals.

TABLE NO .2.
STATEMENT SHOWING INFLATION LEVELS AT ASIA CONTINENT
(IN % PER YEAR)

NATIONS	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
EAST ASIA	1.8	-0.9	0.6	1.2	0.0	1.3	3.3	2.0	2.4	2.7
CHINA	-0.8	-1.4	0.4	0.7	-0.8	1.2	3.9	1.8	2.3	3.0
HONGKONG	2.9	-4.0	-3.7	-1.6	-3.0	-2.5	-0.4	1.1	2.5	2.5
KOREA	7.5	0.8	2.3	4.1	2.7	3.6	3.6	2.7	3.0	2.8
MONGOLIA	9.4	7.6	11.6	8.0	1.6	4.7	10.6	12.7	5.5	5.0
TAIPEI	1.7	0.2	1.3	0.0	-0.2	-0.3	1.6	2.3	1.6	1.3
SOUTH EASTASIA	19.2	6.8	2.3	4.6	4.4	3.3	4.2	6.3	7.3	4.9
CAMBODIA	12.6	-0.5	-0.9	0.3	3.3	1.2	3.9	5.8	4.5	3.5
INDONESIA	58.5	20.5	3.8	11.51	1.9	6.6	6.2	10.5	14.0	7.5
LAO PEOPLES	91.0	128.4	8.4	7.8	10.7	15.81	0.6	7.2	9.0	9.0
MALAYSIA	5.1	2.8	1.6	1.4	1.8	1.2	1.4	3.0	3.5	3.3
MYANMAR	25.3	21.3	-0.2	21.25	7.0	36.6	-	-	-	-
PHILLIPINES	9.7	6.6	4.0	6.8	3.0	3.0	5.5	7.6	6.8	6.5
SINGAPORE	-0.3	0.1	1.3	1.0	-0.4	0.5	1.7	0.4	1.7	1.6
THAILAND	8.1	0.3	1.6	1.6	0.7	1.8	2.7	4.5	4.0	3.0
VIETNAM	7.3	4.1	-1.7	-0.4	3.9	3.2	7.7	8.3	6.0	5.0
SOUTH ASIA	6.4	3.9	6.2	3.7	3.5	5.1	5.9	5.3	6.1	5.4
AFGHANISTHAN	-	-	-	-	-	10.51	0.2	1.0	8	5
BANGLADESH	8.7	7.0	2.8	1.9	2.8	4.4	5.8	6.5	7.5	6
BHUTAN	9.0	9.2	3.6	3.6	2.7	1.8	1.3	4.8	5.5	6
INDIA	5.9	3.3	7.2	3.6	3.4	5.5	6.0	4.5	5.5	5
MALDIVES	-1.4	3	-1.2	0.7	0.9	-2.9	6.4	3.3	2.8	2.5
NEPAL	8.3	11.4	3.5	2.4	2.9	4.8	4.0	4.5	8	6.5
PAKISTHAN	7.8	5.7	3.6	4.4	3.5	3.1	4.6	9.3	8.5	7.6
SRILANKA	6.9	4	1.5	12.11	0.2	2.6	7.9	11.6	9.0	8.0
CENTRAL ASIA	14.2	15.21	7.1	13.1	9.0	5.7	6.0	7.4	7.9	6.3
AZERAIJAN	-0.8	-8.5	1.8	1.5	2.8	2.2	6.7	9.6	13	7
KAZAKASTHAN	7.1	8.3	13.2	8.4	5.9	6.6	6.9	7.6	7.3	7
KYRGYZ REPUB	10.5	35.91	8.7	6.9	2	3	4	4.4	4.5	4.3
TAZIKISTHAN	43.2	27.53	2.9	38.61	0.2	17.1	6.8	7.1	7	5
TURKMENISTAN	16.7	23.5	8	11.6	8.8	6.5	5.0	-	-	-
UZBEKISTHAN	26.1	26.02	8.2	26.52	1.6	3.8	3.7	7.8	9.2	6
THE PACIFIC	9.8	9.3	9.2	6.5	6.5	8.6	3.6	2.6	2.9	2.8
COOK ISLANDS	1.1	1.3	-	-	3.9	2.4	0.3	1.7	2.0	2.0
FIJI ISLANDS	5.7	2.0	1.1	4.3	0.7	4.2	3.5	2.4	2.7	2.7
KIRIBATI	3.7	1.8	0.9	7.1	1.6	2.6	2.5	-	-	-
MARSHAL ISLAND	2.2	1.7	-0.9	1.8	0.4	1.2	2.4	3.5	2.9	2.4
MICRONESIA	1.6	1.9	2.1	1.3	-0.1	-0.3	1.5	2.5	2.5	2.5
PALAU	-	-	-	1.2	0.4	1.3	0.2	3	2.5	2
PAPAU	13.6	14.91	5.6	9.3	11.8	14.7	2.9	1.7	2.4	2.4
SAMOA	2.2	0.2	1.1	3.7	8.1	0.1	11.7	8	6	4
SOLMON ISLANDS	12.4	8.0	7.3	6.8	7.3	12.5	6.5	6.9	7	7
TIMOR LESTE	80	140	-	-	-	7.0	3.2	1.8	2	2
TONGA	3	3.9	6.3	8.3	10.4	11.61	1.0	8	8	8
TUVALU	0.9	3.8	3.9	1.4	5.0	3.3	2.8	2.8	2.8	2.8
VANUATU	3.3	2.1	2.5	3.6	2.0	3.0	1.8	2.6	2.5	2.5
AVERAGE	**6.1**	**1.6**	**2.1**	**2.5**	**1.5**	**2.6**	**4.1**	**3.4**	**4.0**	**3.7**

SOURCES: ASIAN DEVELOPMENT OUTLOOK 2005-06

REFERENCES

1. BALAKRISHNAN, P.K. PUSHANGADAN AND M SURESH BABU (2000): “TRADE LIBERALISATION AND PRODUCTIVITY GROWTH IN MANUFACTURING: EVIDENCE FROM FIRM LEVEL PANEL DATA” ECONOMIC AND POLITICAL WEEKLY, OCTOBER 7. 3679-82
2. BANGA R (2003) “DIFFERENTIAL IMPACT OF JAPANESE AND US FOREIGN DIRECT INVESTMENTS ON PRODUCTIVITY GROWTH: A FIRM LEVEL ANALYSIS” ECONOMIC AND POLITICAL WEEKLY, P.NO.422 31-1-2004
3. BARTELSMAN ERIC J AND MARK DOMS (2000) “UNDERSTANDING PRODUCTIVITY LESSONS FROM LONGITUDINAL MICRODATA, JOURNAL OF ECONOMIC LITERATURE 38, and SEPTEMBER, 569-94
4. DAS, D.K. (2003) “MANUFACTURING PRODUCTIVITY UNDER VARYING TRADE REGIME INDIA IN THE 1980S AND THE 1990S, ECONOMIC AND POLITICAL WEEKLY P.NO. 422 31-1-2004.
5. NARAYANAN K (2003) TECHNOLOGY ACQUISITION AND GROWTH OF FIRMS UNDER CHANGING POLICY REGIMES, A STUDY OF THE INDIAN AUTOMOBILE SECTOR” ECNOMIC AND POLITICAL WEEKLY, P.NO.422,31-1-2004.
6. RAY S (2003) MNEs STRATEGIC ALIANCES AND EFFECIENCY OF FIRMS EMERING TRENDS IN LIBERALISING ERA, ECONOMIC AND POLITICAL WEEKLY, P.NO.422, 31-1-2004
7. SRIVATSAVA, V (1996) LIBERALISATION, PRODUCTIVITY AND COMPETITION A PANEL STUDIES OF INDIAN MANUFACTURING, OXFORD UNIVERSITY PRESS, and DELHI
8. SRIVATSAVA V (2000) THE IMPACT OF INDIA’S ECONOMIC REFORMS ON INDUSTRIAL PRODUCTIVITY, EFFECIENCY AND COMPETITIVENESS, REPORT OF A PROJECTG SPONSORED BY THE INDUSTRIAL DEVELOPMENT BANK OF INDIA, NATIONAL COUNCIL OF APPLIED ECONOMIC RESEARCH, NEW DELHI
9. TYBOUT JAMES, R (1992) “LINKING TRADE AND PRODUCTIVITY NEW RESEARCH DIRECTIONS, WORLD BANK ECONOMIC REVIEW 6(2) 189-211.

10. DAVIDSON W 1980 THE LOCATION OF FOREIGN DIRECT INVESTMENT ACTIVITY: COUNTRY CHARACTERISTICS AND EXPERIENCE EFFECTS, JOURNAL OF INTERNATIONAL BUSINESS STUDIES, VOL.12 PP9-22.
11. KOGUT, B. 1983 “FOREIGN DIRECT INVESTMENT AS A SEQUENTIAL PROCESS” IN C.P.KINDLEBERGER AND D AUDRETSCH (EDS) THE MULTINATIONAL CORPORATION IN THE 1980S, MIT. CAMBRIDGE MASS.
12. BACCHETTA P AND E WINCORP (1998) CAPITAL FLOWS TO EMERGING MARKETS LIBERALISATION, OVERSHOOTING AND VOLATILITY” NBER WORKING PAPER NO. W6530 APRIL.
13. HAGEDOORN J AND R NARULA (1995) “EVOLUTIONARY UNDERSTANDING OF CORPORATE FOREIGN INVESTMENT BEHAVIOUR US FORIENG DIRECTS INVESTMENT IN EUROPE, MERIT UNIVERSITY OF LIMBURG, NETHERLANDS.
14. LALL S (2001) “NEW TECHNOLOGIES, COMPETITIVENESS AND POVERTY REDUCTION PAPER DELIVERED AT ASIA AND PACIFIC FORUM ON POVERTY REFORMING POLICIES AND INSTITUTIONS FOR POVERTY REDUCTION ASIAN DEVELOPMENT BANK, MANILA 5-9 FEBRAURY.
15. PURSELL, G.C. (1981) “COST BENEFITS: EVALUATION OF LDC INDUSTRIAL SECTORS WHICH HAVE FOREIGN OWNERSHIP”: WORLD BANK STAFF WORKING PAPER NO 465, JULY.
16. TWOMEY M.J. (2001) “A CENTURY OF FOREIGN INVESTMENT IN MEXICO UM DEARDON ECONOMICS WORKING PAPER 98, UNIVERSITY OF MICHIGAN, DEARDON.
17. ARNDT, S.W.(2001) : “PRODUCTION NETWORKS IN AN ECONOMICALLY INTEGRATED REGION” ASEAN ECONOMIC BULLETIN 18(1) PP 24-34