Contents

1. **The EU and the Eurozone:Past, Present, and Future**
   by Winston W. Chang
   Vol. 3, Issue :1, July 2010, Page : 1-40

Abstract

The EU is a unique economic and political partnership between 27 democratic European countries. It has accomplished a great deal in promoting peace, prosperity, justice, freedom, solidarity, and participatory democracy for its 498 million citizens. The eurozone showcases the achievement of its deeper monetary integration. This paper aims at addressing the following topics: How has the EU developed? How does it work? How are the institutions structured and who makes the decisions? How does it pursue external economic policies? How does it promote internal economic and social integration? How has it deepened monetary integration through the creation of the eurozone? What are the shortcomings in the agreement on the Economic and Monetary Union? What are the current crises facing the EU, and the eurozone in particular?Are there legal obstacles in providing financial aid to Greece? What are the reform proposals aimed at strengthening the eurozone and avoiding future financial crises? And what are the future prospects of the EU and the eurozone?

2. **Effect of Futures Trading on the Volatility of Spot Market in the Context of Indian Agricultural Commodity Market**
   by R. Chakrabarty and Rahuldeb Das
   Vol. 3, Issue :1, July 2010, Page : 41-61

Abstract

The objective of this paper is to study comprehensively, the effect of the onset of derivative trading on volatility in the context of Indian commodity market. Though several studies have revealed the effect of the introduction of derivative trading in different commodity markets all over the world but very few researchers studied Indian commodity market extensively. From 2005 to 2010, this 5 years period has been used as the period of study. This paper involves data of the agricultural commodity index MCXAGRI and some of the agricultural commodities like Cotton, Potato, Chana etc. and studies extensively the change in volatility. Entropy has been used as a measure of volatility .Global correlation coefficient has been employed to test the dependence between spot and Futures prices. It also intends to study the flow of information and its direction between Spot and Future market of commodities. The lead/lag relationship between Spot and Futures has been encountered by Granger Causality test. The study shows that Futures introduction have decreased the volatility of commodity market. For the commodities Spot market leads Futures market. Only exception is for the index MCXAGRI. In this case information flows from Futures market to Spot market. Also the commodity market in India influences the movements of stock market.

3. **An Econometric Analysis of Price Transmission between Stock Returns and Price Level**
   by Wasim Ahmad and Md. Zulquar Nain
   Vol. 3, Issue :1, July 2010, Page : 63-78

Abstract

This paper examines the price transmission between stock returns and general price level in Indian economy, by way of establishing the causal relationship between them. Vector auto regressions (VAR) have been applied to explore the short run feedback and causal relationship. The data used are monthly from August 1997 to October 2009. VAR results indicate presence of direct as well as indirect contemporaneous relationships among the study variables. The results do not validate possible explanation of stock returns as better hedge against high general price level in the sense that significant inverse relationship exists between stock returns and general price level.

4. Corporate Strategy Operating within NAFTA

by Carolan McLarney, Ed Chung and James McNiven

Abstract

The paper provides an assessment of the state of economic integration in North America at the operating, or micro- level. Integration is defined as a process whereby countries use identical policies, programs and institutions to attain the same objectives. Harmonization occurs when countries use different methods to attain agreed-upon objectives. Economic integration (more accurately, trade policy integration) is implied in NAFTA, but the reality can only be established if business activities are integrating in many sectors of the economy. This paper looks at four corporate strategy responses to NAFTA and to the evolution of public policy and related business activity in eight sectors. At the corporate level, company responses to FTA/NAFTA are discussed along four dimensions: rationalization, extinction and opportunity as well as facilities location. On the surface, the experience of Canadian companies is mixed in terms of integration, with a clear trend existing only in the experiences of corporate subsidiaries. Value: There is some suggestion that the post-NAFTA site selection policies have not seen harmonization or integration features.

5. Stock Returns and Inflation in India: An Empirical Analysis

by Jyoti Kumari

Abstract

This paper investigates the relationship between stock returns and inflation in India during 2002:1 to 2009:4. Monthly indices of BSE Sensex and NSE Nifty are used for computing stock returns. Pre crisis and post crisis analysis have been conducted through the sub-period analysis 2005:1 to 2009:4. For inflation, whole sale price index data are used. Unit root tests, Granger causality test and Regressions are estimated for examining the nexus between the two variables. The results suggest that there is no significant relation between stock returns and inflation in post reform period in India.