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1. Corporate Income Tax Rates and China's FDI

Ji Guo

Vol.4, Issue: 2, January 2012, Page : 1-11

Abstract

The paper presents empirical evidence about the relation between taxes and the distribution of foreign direct investment in China. The estimation results show that taxes do not have a significantly negative effect on the location of FDI. It is also found that the cities that were opened up earlier have a head start compared with those opened up later in terms of accumulative FDI.

2. India's Exchange Rate Behavior and Management: A Post Reform Period Analysis

Soumyajit Ghosh and G Raghavender Raju

Vol.4, Issue: 2, January 2012, Page : 13-32

Abstract

Movements in exchange rates have important implications for the economy's trade and capital flows and are therefore crucial for understanding financial developments and changes in economic policy. This study presents a detailed account of what is the importance of exchange rate in the Indian economy, an empirical analysis to identify the determinant factors that effects the exchange rate determination, the need, and significance of hoarding large amount of foreign currency reserves by RBI, and finally highlighting the effectiveness of the RBI's intervention to manage the exchange rate. Applied econometric methodology, in keeping with the modern times series analysis is used to ensure rigorous analysis. The focus is not only on the analysis of data using modern econometric techniques, but equally on understanding the framework, market conditions and the role of perceptions that undoubtedly have a significant impact on the level of volatility and success or otherwise of central bank interventions. The major findings of the study suggest that the exchange rate has remained stable with intermittent period of fluctuations. The macroeconomic variables such as level of economic activity, rate of inflation, BSE Sensex, rate of interest, trade deficit, have significant effect on the exchange rate determination in the long run. Of these variables, the most significant variable are BSE Sensex and Level of Economic activity in the country which effects the movement of the exchange rate. Secondly, the most important factors for hoarding of foreign reserves by RBI are; to improve the level of economic activity of the country and to service the debt in the economy. Regarding the direct intervention by RBI, the purchase of dollars with a lag of two quarters is a significant instrument of intervention while the sale of dollars has an immediate effect on the exchange rate volatility. The RBI is playing the waiting game with minimal intervention as it does not want to interfere with the economic fundamentals of the economy.

3. BRICS Build the New World Financial and Economic Order

Ganti Subrahmanyam

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Abstract

The BRICS countries are now a recognized force towards building a new World Economic Order. In view of the global uncertainties, it is advocated and analyzed here how these Countries can design collaborative strategies to resolve first their own common problems. Several specific innovational strategies are suggested here to enhance collaboration among these countries. These include: Reserve pooling, inflation swaps, trade settlements in local currencies, inter-country inter-generational swaps to mitigate longevity risk and growth risk, innovations in domestic debt management, collaborative research in Particle Finance as the Future of finance and creation of a common currency called "CRIBS" on the lines of erstwhile ECU before Euro.

4. A Comparative Study on Customers' Perceptions of Service attributes provided by public sector and private Sector banks in Odisha.

Dr. Saroj Kumar Dash and Dr. Arun Kumar Panda

Vol.4, Issue: 2, January 2012, Page : 45-66

Abstract

The Indian banking system has changed a lot over the last five decades especially in the last 15 years with India taking to the path of free market economy and globalization with clear commitments under WTO (World Trade Organization) regime. A journey from private ownership and control of commercial banks to government ownership and control by way of nationalization, has come in full circle in the wake of liberalization and introduction of new players in the shape of Private Sector Banks and Foreign Banks. Fresh induction of public stake and corporate governance in government owned banks has brought the element of stiff competition in the environment with greater adoption of the new technologies and ideas, renewed perception of service quality along with the high degree of professional management and marketing concepts in the Indian Banking system. The entry of foreign/ private banks and various financial sector reforms like deregulation of interest rates, new norms on asset classification and provisioning, adoption of Basle Accord on capital adequacy coupled with other policy measures aimed at adopting best global practices has revolutionized the banking industry in India. The Public Sector Banks, which still account for the major part of the Indian Banking Industry in terms of size and reach, are facing stiff competition from Private and Foreign Banks as also from the Non-Banking Financial Institutions. This research paper highlights on customers' perceptions regarding service attributes offered by public sector and private sector banks in Odisha. The researchers also highlighted on calculating the impact of service attributes on overall customer satisfaction in both Public Sector and Private Sector banks.

5. Foreign Exchange Derivatives Market in India: Status and Prospects

Arjun Prasad P and Raghavender Raju G

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Abstract

The Indian Economy was liberalized in the early 90's, changing the orientation of the economy towards globalization. Indian businesses began to turn global, thereby facing more currency risks. Foreign exchange derivatives assist these businesses to hedge against forex risks. This study tries to analyse the foreign exchange derivatives market in India, its stance and prospects, and also attempts to know the foreign exchange risk management practices followed by Indian companies by undertaking a survey. The study analyses factors that have encouraged and prevented businesses from using forex derivatives as a tool of hedging forex risks. The results of the survey indicate that about 50% of the companies in India do not use derivatives to full extent for hedging as there is no sufficient array of instruments in the market, the cost of derivatives exceed the benefits and there is lack of knowledge on derivatives. Among the techniques used, Natural hedge turns out to be the most preferred technique. Rupee-Dollar Swaps and Forward contracts are equally preferred as external techniques for hedging. Reduction in volatility of cash flows turns out to be the factor that encourages companies to use derivatives. On the other hand, difficulty in pricing and valuing derivatives is the foremost factor preventing companies to use forex derivatives as tools to hedge. In conclusion, the prospects of the forex derivatives market have tremendous growth potential but however this market is still in the nascent stage of development.