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## **Impact of FDI on Labour Productivity of Indian IT Firms: Horizontal Spillover Effects**

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Impact of FDI on the host economy is an important area of research. Numerous studies are found in manufacturing domain but those in services sector especially IT is relatively scarce. This paper makes an attempt to estimate the impact of FDI on Indian IT sector. Specifically, it looks at horizontal spill-over effects where the impact is through competitive pressure on domestic IT firms. Additionally, capital intensity and labour quality have also been considered as determinants of labour productivity of Indian IT firms. Data on 24 listed domestic IT firms over the period 2002 to 2016 have been used to analyze the impact of FDI on such firms. All the determinants are found to have statistically significant impact on productivity of domestic IT firms.

## **Problems with Financing for MSME Sector in Rural Setting in Assam**

*Maumita Choudhury*

MSMEs are particularly important for emerging countries. This is primarily because of MSME's potential in job creation. Yet, lack of access to finance is a major obstacle to their growth. The average (i.e., mean) time taken to set up a business in India was 118 days, with a wide variation across states. It took, on average, 63 days to set up a business in Tamil Nadu and 67 days in Andhra Pradesh whereas for Kerala and Assam, firms took 214 days and 248 days respectively. In addition to limited development of industries in NER, there is limited availability of data on whatever industries exist there. Around 54 per cent of industrial units are concentrated in Assam among NE states. There were 37,356 registered MSME units in Assam providing employment to 2.05 lakh persons till the end of March 2013. Formal lending sector is always preferred over informal sector for the MSMEs because of the credibility of such lending institutions. MSMEs need special credit policy especially at the start-up stages. Though registration of the firm is not compulsory for the MSME units, doing so is beneficial for the economy and the MSMEs. The study tries to find out the characteristics of MSMEs operating under rural villages in Assam whether registration with DIC has helped them to overcome problems associated with obtaining credit from banks. From the analysis of data collected, it has been observed that registration has no influence over satisfaction of borrowers over the source of finance, satisfaction with amount sanctioned and

the average difficulty in obtaining loans from bank. The registration was seen to have influence only over time taken to sanction loans.

## **Effect of Macroeconomic Factors on Wealth of Indian Acquirers**

*Ketan C Limaye  
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This paper analyzes the effect of various macroeconomic factors on the long-term performance of Mergers & Acquisitions (M&A) deals in India in terms of shareholder wealth of acquirers using binary logistic regression. M&A performance of acquirers is measured using Buy and Hold Return (BHR) over a period of three financial years pre-and post- M&A deal. Macroeconomic variables are grouped into various focus areas, i.e., broad economic, monetary, fiscal, and external for a detailed analysis. It is found that in the broad economic sector, growth in personal disposable income is negatively related to M&A performance and growth in net domestic savings is positively related to M&A performance. In the monetary sector, growth in broad money and call rates is negatively related to M&A performance and growth in non-food credit is positively related to M&A performance. In the fiscal sector, growth in capital expenditure and tax revenue is positively related to M&A performance. In the external sector, growth in forex reserves is positively related to M&A performance, whereas growth in debt service payment and foreign direct investment is negatively related to M&A performance. The model fitted is found to be of acceptable quality. The results of the study will help the acquirers to make informed decisions at the time of planning the deal from a macroeconomic viewpoint. It will also be of immense benefit to portfolio managers, investment professionals and stakeholders who deal with the M&A participants.

### **A Brief Article**

## **Statistical Modeling of Determinants of Institutional Credit to Farmers in Rural India**

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Since independence, Government of India has stressed that for the development of country as a whole, welfare of farmers is important and accordingly always extended all possible support to farmers through policy interventions. Special emphasis has been led by Government to make institutional credit accessible to farmers in rural India; however, it is found that there are many factors which are a deterrent. Study of determinants of Availing of Institutional Credit by Farmers is important for policy makers. This paper attempts to undertake the statistical modeling of determinants of Availing of Institutional Credit by Farmers in Rural India with the help of large scale data on "Situation assessment survey of agricultural households"

conducted by NSSO. It is found that social group, religion, education of family head, type of farmer and housing condition of farmer are significant contributing factors in availing of institutional credit.

## **Book Review**

### **Walk the Talk – Women, Work, Equity, Effectiveness**

**Anjali Hazarika**

New Delhi, Sage Publications India Pvt. Ltd., 2017, xii + 337 pp., Rs. 495.

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