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Empirical Evidence of Finance and Growth Relationship in India

Joydeep Biswas

Using time series analysis and innovation accounting, the present research examines the relationship between financial sector development and economic growth in India for a period from 1960 to 2007. The findings of the study argue against the Neo-liberalist argument that stock market liquidity helps to influence the economic growth in India. Moreover, bi-directional causal effects have been detected between private sector credit and GDP per capita. The observations from the innovation accounting suggest that each of the sectors of the Indian financial system are not substitutes to each other; instead growing transmission of influence from one sector to the other is indicative of their complementary role in the growth process. Therefore, this study concludes that Indian financial sector development should go hand in hand with real economic development and accordingly policy measures have been suggested.

The Determinants of Long Run Finance Development: The ARDL Bound Testing Approach

Rudra P Pradhan

The paper investigates the determinants of long run finance development in India over the period of April 1994 to April 2011. The investigation is carried out by unit root, cointegration, ARDL bound test approach and VECM. The ARDL finds the existence of long run equilibrium relationship between finance development and economic growth. The VECM confirms the existence of bidirectional causality between finance development and economic growth. It also confirms the existence of unidirectional causality from stock market development to economic growth and from finance development to inflation. The paper at the end suggests that financial development should be considered as the policy variable to enhance economic growth in the Indian economy, especially during the globalization era of 1990s.

Brief Articles, Notes and Comments

Customer Perception about the Efficiency of E-Banking Services Offered by Commercial Banks: An Empirical Study

Dhiraj Jain
Deepti Dashora

E-banking services have totally revolutionized the Indian Banking System, earlier in pre-reform phase the Indian banks and the general public questioned the efficiency of e-banking services and did not show faith in the same. Thus, the present study has been undertaken with a purpose to find out whether the perception of customers have changes regarding the efficiency of e-banking services and upto what extent.

The study was undertaken with an objective to find to what extent e-banking has been able to change the view point of the customers and also to find out the association/non-association of demographic factors and the perception towards efficiency of e-banking services provided by commercial banks.

For the study, a well structured questionnaire was constructed and stratified sampling was used; respondents from all demographics were considered and in addition to this various statistical measures were also applied.

From the study it could be concluded that some demographic factors such as age, education, occupation and annual income have a significant impact on the customer perception towards the efficiency of e-banking services whereas other demographic factors, i.e. gender, does not affect consumer perception towards the efficiency of e-banking services.

Relevance of Keynesian Macroeconomic Theories in Policy Making: A Case Study of MGNREGA in India

N P Abdul Azeez
S M Jawed Akhtar

Great Depression of the 1930s has proved that without government intervention economy could not work and criticized laissez-faire policy by Keynes. MGNREGA can be taken akin to the interventionist policy as prescribed during the Great Depression in US by Keynes. These programmes are based on a Keynesian aggregate demand strategy of direct job creation by the government for a full employment economy which creates purchasing power among workers. The great thing about MGNREGA from this point of view is that it is putting money into the hands of those whose MPC is the highest. This programme based on government expenditure would be stabilizing and stimulating for the economy by generating guaranteed employment.

Book Reviews

Negotiation – Closing Deals, Settling Disputes and Making Team Decisions

David S Hames

New Delhi, Sage Publications India Pvt Ltd, 2012, xxi+497 pp, Rs. 495.00

*Reviewed by **Dr A U Gadewar**, Retired Professor, National Institute of Bank Management, Pune*

**The Little Book of
Big Customer Satisfaction Measurement**

**Ajit Rao
Subhash Chandra**

Sage Publications, 2012, New Delhi, xvi+164, pp Rs.350.00

*Reviewed by **Dr Sarita Bhatnagar**, Assistant Professor, National Institute of Bank Management, Pune, India*