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INTRODUCTION

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NEED/IMPORTANCE OF THE STUDY

STATEMENT OF THE PROBLEM

OBJECTIVES

HYPOTHESES

RESEARCH METHODOLOGY

RESULTS & DISCUSSION

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- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

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- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

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- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

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- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

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- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

ANALYSIS OF INDIA'S TRADING WITH CANADA UNDER THE LIBERALIZED REGIME

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ABSTRACT

India, an emerging economy, has witnessed unprecedented levels of economic expansion, along with countries such as China, Russia, Mexico and Brazil. India, being a cost effective and labor intensive economy, has benefited immensely from outsourcing of work from developed countries, and a strong manufacturing and export oriented industrial framework. As the economic pace is picking up, global commodity prices have staged a comeback from their lows and global trade has also seen reasonably healthy growth over the last two years. India and Canada pursue bilateral relations through the mechanism of annual Foreign Office Consultations, Trade Policy Consultations, Strategic Dialogue and meetings of S&T Committee, Joint Working Group on Counter-terrorism, Environment Forum Committee, Energy Forum, Steering Committee on Mining and Earth Sciences; Joint Working Groups on Pulses, Plant Protection, Health, Agriculture and SPS issues. Canada is one of the wealthiest and top ten trading nations in the world. It is a member of the Organization for Economic Cooperation and Development (OECD) and the G8. Canada has strong democratic traditions upheld through parliamentary government. Canada is endowed with vast natural reserves in potash, uranium, coal, oil and gas, diamonds, forest products, etc. Canada is well-known for its advanced technological base in agriculture, food processing, education, science and technology, innovation, environment, cleaner technologies; etc.This paper examines the prospects of trade between India and Canada. Globalization and liberalization have brought new opportunities in our country in trade, business, services and employment

KEYWORDS
trade policy, global exports boom, economy, sustainable development.

INTRODUCTION

India is the second most populous country in the World and has changing economic, social, political, cultural demographic and life-style pattern that have been drawing global attention in recent years. The failure of 'Alma Ata Declaration' in fulfilling its objectives to shift resources from urban to rural scene, reiterates the urgency of looking for alternative strategies at the national and local level. To improve the prevailing situation, the problem of population is to be addressed both at the macro and micro level in a holistic way with genuine efforts to bring the poorest of the poor to the centre of the economic policies. A paradigm shift from the current 'FDI-Export Model' to a 'Socio-Economic Model' is required, to meet the needs of rural population.

Almost the entire northern part of the North American continent is occupied by Canada and is rated as the world's second largest country. Canada has a population of over 30 million people and an approximate growth rate of 1 per cent owing to its migration policies. Much of the population constitutes of people of diverse ethnicity who migrated from several European and Asian countries. By the year 2070, Canada's population is estimated to become 60 million. Diversity is an outstanding feature of the demographics of Canada. The economy of Canada has been growing steadily over the past several decades. The economic revolution of 1800s helped the country attain substantial economic growth in almost all sectors of business and trade. New technological innovations have greatly reshaped the country's economy. The economy of Canada is dominated by the service industry employing three quarters of the Canadian population. There is also a huge manufacturing sector in Canada. International trade constitutes a large part of the country's economy, with the United States as the main trading partner. . India would welcome investment from Indian exports to Canada include readymade garments, textiles, cotton yarn, carpets, gem and jewellery and precious stones, organic chemicals, coffee, spices, light engineering goods, iron and steel articles, footwear and leather products. India is a vital trade partner for Canada. Canada's commerce strategy for India involves the coordination of efforts by Canada's missions in India, federal government departments, provinces, and the private sector. This strategy has defined priority sectors to increase two-way trade, investment and technology partnerships. These priority sectors include: education, clean technologies (including renewable energy), information and communications technology and infrastructure. Top Canadian exports to India include vegetables (mostly peas and lentils), fertilizers, paper and paperboard, machinery, wood pulp, precious stones, and iron and steel. Canadian imports from India include organic chemicals, precious stones and metals, knit apparel, woven apparel, machinery, and iron and steel. The economy of Canada has been growing steadily over the past several decades. The economic revolution of 1800s helped the country attain substantial economic growth in almost all sectors of business and trade. New technological innovations have greatly reshaped the country's economy. The economy of Canada is dominated by the service industry employing three quarters of the Canadian population. There is also a huge manufacturing sector in Canada. International trade constitutes a large part of the country's economy, with the United States as the main trading partner. Imports from Canada include newsprint, wood pulp, asbestos, potash, peas, iron scrap, copper, minerals, and industrial chemicals. Canada in sectors such as infrastructure, energy, mining, health, education, communication, food processing, information technology, etc. It appears that the India-Canada trade relationship is significantly under-traded. For example, total trade between India and Canada is three times smaller than the size of trade between India and Australia, even though the Canadian economy is about 50% larger than that of Australia In terms of investment; Canadian companies have modest presence in India. They have grown considerably in five major areas: power and energy, equipments; oil and gas; environment products and services; telecommunications and information technology; and the financial sector, including insurance .India would like Canada to make use of India's skilled and trained manpower base and establish manufacturing units or enter into joint ventures in India. Indian and Canadian companies can also join hands in taking up joint projects in other countries. The atmosphere is vibrant. The opening of international markets has led to earnest endeavors to improve product quality to secure marketing. Paper shall also shed some light on the various relations In July 2011, Canada and India completed the second round of negotiations toward a Comprehensive Economic Partnership Agreement (CEPA) .CEPA negotiations remain a key priority in the Government of Canada's international trade plan; Canada will seek to conclude the CEPA in 2013.This paper lays emphasis on the future of trade opportunities that exists between two countries. Along with the factors discussions relating to internet fuelling the growth will also be discussed. Results of the paper shall give impetus for further research. The Government of Canada is committed to creating economic prosperity for Canadians by strengthening and increasing trade and investment with India. The benefits of FTA would be in multiple folds as the Canadian farmers don't get as many subsidies as many Indian farmers get from the government. However, FTA will help to bring more food to India at lower prices. Canada is also big source of crude oil which is the need of the time for India. Canada has been providing development assistance to the Indian NGOs and promoting the local industry too. Authors have made an attempt to surface the multifold benefits that both the countries experience as a result of trade and export under the influence of liberalization and Globalization Trade remedies would be discussed with the objective of maintaining appropriate protection from unfair trading practices, including a potential discussion of global safeguard measures, while ensuring that the benefits of trade liberalization are not undermined and allowing potential exports to be realized, in accordance with the rights and obligations established by the WTO Agreement. The paper shall study the various trade agreements that exist between two countries like CEPA etc

VOLATILITY OF CANADIAN EXPORTS TO INDIA (NCAER STUDY, 2011)

Canadian exports to India tended to be as volatile as exports to other emerging markets over the 1985-2000 periods. The source of this volatility is concentrated in 20 sectors that accounted for roughly two-thirds of Canada's exports to India. India ranks relatively high, 4th out of 16 emerging markets, with respect to how much these top-20 sectors contributed to export volatility. We developed a new model to explain the causes of

Canadian export instability to India. Based on panel regression estimates on 18 sectors for the 1993-1999 periods, we find that export concentration and changes in Indian tariffs have an impact on Canadian export stability.

Export diversification strategies of the Government of Canada together with on-going liberalization of the Indian economy will likely result in reduced volatility in Canadian exports to India. On average, we find a 1% increase in concentration results in a 0.25% increase in export instability. Our results vary across sectors with instability in the Paper Products and Transport Equipment sectors showing large and significant responses to increases in export concentration (between 3.9%-6.4%). We also find that as Indian tariffs decline by 1%, Canadian export growth accelerates by 3%. Further, a 1% decline in Indian tariffs also results in a 2.9% decrease in volatility of Canadian exports.

REVIEW OF LITERATURE

In the present era of globalization, the world has been gradually integrated to a single economic region but different countries have been unable to resist the powerful negative forces of globalization. Hence, they have to adjust themselves according to the new economic order like internationalization of trade and liberalization of financial transaction (Steger, 2003). The economic community of West African States (ECOWAS), the European Union (EU), the North American Free Trade Agreement (NAFTA), the Central American Common Market (CACM), the East African Community (EAC), the Arab Common Market (ACM), the Association of South Asian Nation (ASEAN), and Free Trade Area and Latin America Free Trade Area (LAFTA) are some economic groupings formed on the basis of economic cooperation to promote trade among different countries of the world. It is a known fact that these common economic associations were formed with an objective of providing mutual help among the member countries (Nangbri, 2006).

Subsequently, several agreements for trade and economic cooperation were made exclusively to promote foreign trade among member countries in the recent past. The Bangladesh-India-Myanmar-SriLanka-Thailand Economic Cooperation (BIMSTEC), the Mekong-Ganga Cooperation (MGC), the South Asian Association for Regional Cooperation (SAARC), is few examples of agreements for economic cooperation and enhancing trade in the Asian region (Sharma, 2004). The European Union was formally established on November 1, 1993. It comprised of 25 member countries (as on May1, 2004). The EU-25 represented just 7.7 per cent of world population and accounted for more than 20 per cent of world trade (Europa, 2004). Basically, India had a multi-dimensional relationship with the EU, which is our largest trading partner, the biggest source of FDI and also a home to a large and influential Indian diasporas. India's strength lies in traditional exports like textiles, agriculture, marine exports, gems and jewellary, leather and engineering and electronic products. Sectors like chemicals, carpets, granites and minerals have exhibited the fastest growth in recent years. .The bilateral trade between India and EU in monetary term was US $31.28 billion in 2005 and now increased to US $ 44.68 billion in 2008 (Sikdar, 2006).

Mohnen (2001) has postulated a model of free trade in a world characterized by perfect competition involving the two economies of Europe and Canada. They also locate the comparative advantages of these two economies through constructing a competitive benchmark based only on the fundamentals of cited economies namely, endowments, preferences and technologies. Sikdar et al (2005) apply a similar theoretical framework to explain trade flows between the two South Asian counties of India and Bangladesh. The fall out of Doha- WTO development round (2001) after having seven rounds of negotiations among member countries forced critics like Noble Laureate Joseph Stiglitz (Business India, 2009) to slam the US insistence that extra duties should be imposed only if the exports surged by 40 percent. India also believes that nobody in agriculture has a 40 percent margin. In fact, a 40 percent decline in price would put most developing countries in a state of bankruptcy. A study in the US found that, if all trade barriers in agriculture, services and manufacture were reduced by 33 percent as a result of the Doha Development Agenda, these would be an increase in global welfare, of $574 billion. A 2008 study by World Bank's lead economist Kym Anderson found that global income could increase by more than $3000 billion per year of this; $2500 billion would go to the developing world [Business India, 2009].

Faber (1999) made a study in which he addresses the question whether FTAs between the ACP countries and the European Union will produce better results than the existing one and provides an economic analysis of the FTA approach for EU-ACP relations. The recent economic slowdown has taken its toll on India's textile exports. At $ 16.90 billion, total textile exports were down 3.14 per cent for the 10 month period ended January 2009. This has been revealed by a latest study titled "Impact of Economic Slowdown on Textile and Clothing Industry" commissioned jointly by CITI, TEXPROCIL, APEC and SRTEPC. The study attributes 'the slip between the cup and lip' on textile exports due to the lack of cost competitiveness among Indian producers as compared to countries like China, Bangladesh, Vietnam, and SriLanka. This has resulted in a shift of demand from these countries to the markets of US and EU (Business India, 2009).

RESEARCH GAP

The studies reviewed here are not exhaustive in depth and many studies have identified different causes for countries decline of exports and increase of imports. Some studies have attempted to postulate a kind of relationship that exists between countries level of exports and countries ex-im policies. Many studies have relied on theoretical literature which deals with model building exercise that helps to explain the pattern of bilateral trade flows between countries. The studies that conducted macro level research in different countries have applied themselves on the issue of cost-benefit analysis of farming a free trade area or zone to promote international trade. The WTO-Doha round started in 2001 and so far conducted seven rounds addressed the problems and challenges of international trade agreements in a phased manner to end up with ultimate failures for obvious reasons. Hence, a more comprehensive approach towards the analysis of the bilateral or MFN status or multi-lateral treaty etc., between India and Canada is lacking in the existing literature. Therefore, the present paper earnestly looks at filling this gap by considering the nexus between India and Canada on trade related issues.

OBJECTIVES OF THE STUDY

1. To study the economic status of India and Canada with reference to selected years.
2. To examine the quantum of trade related aspects in India and Canada.
3. To analyze the trends in exports between India and Canada.
4. To study the gap between imports and exports.
5. To suggest appropriate policy measures to promote trade between India and Canada.

HYPOTHESES OF THE STUDY

1. There is no significant pattern emerged in demographic profile of Canada.
2. There is certain significant growth of exports occurred between India and Canada.
3. Canada's economic growth is higher than India's economic growth.

METHODOLOGY

RESEARCH METHODOLOGY

- The construction of regression model for any economic variables involves a host of factors such as explanation of dependant and independent variables, relationship between variables postulated, specification of the variables, and choice of period, the selection of cut-off points for different sub-periods determining the coefficient and variable parameters and appropriate interpretation of results.
- The most commonly used statistical procedure to get at the regression parameters has been to postulate some trend equations. This procedure of estimating the relationship between dependant and explanatory variables has three important issues namely, choice of equation, avoidance of volatile error in the data and estimation of sub-periods analysis, if any. Empirically, it has been observed that the popular forms of regression equations for estimation of variables are simple, normal, multiple, step-wise, pseudo, logistic etc.,

- But each of these regression equations imposes restrictions upon the character of the variables process which ultimately decides the outcome of the results. Any data with maximum allowable 5 per cent error on both sides can be useful in estimating the nexus between the variables and also postulating a good reliable model. The present study largely used the economic survey (Government of India) data for the period 2001-2011 (10 year period) to estimate the variables so postulated to get at the results.

The present study is based on secondary data. The data relating to economic indicators, trade and exports are collected from Ministry of Commerce and Economic surveys, Government of India, CMIE reports, Mumbai and RBI reports. The data relating to Canada's demographic profile, trade and exports are collected from various internet websites. The study attempts to unravel the mysteries behind 'poor exports in India by considering the quantum of trade, investment pattern and ex-im policy in post economic reform process. The study also captures the nexus between trade and export status on economic development in India and Canada. To make the study more meaningful and comparative, percentages and ratio analysis have been used in order to interpret the data. The study used a regression model to gauge the quantum of trends in exports and imports between India and Canada during the period 1999-00—2010-11

MODEL PRELUDE

The construction of regression model for any economic variables involves a host of factors such as explanation of dependant and independent variables, relationship between variables postulated, specification of the variables, and choice of period, the selection of cut-off points for different sub-periods determining the coefficient and variable parameters and appropriate interpretation of results. The most commonly used statistical procedure to get at the regression parameters has been to postulate some trend equations. This procedure of estimating the relationship between dependant and explanatory variables has three important issues namely, choice of equation, avoidance of volatile error in the data and estimation of sub-periods analysis, if any. Empirically, it has been observed that the popular forms of regression equations for estimation of variables are simple, normal, multiple, step-wise, pseudo, probit and logistic etc., But each of these regression equations imposes restrictions upon the character of the variables process which ultimately decides the outcome of the results. Any data with maximum allowable 5 per cent error on both sides can be useful in estimating the nexus between the variables and also postulating a good reliable model. The present study largely used the economic survey (Government of India) data for the period 1999-00-2008-09 (10 year period) to estimate the variables so postulated to get at the results.

THE MODEL

$Y_i = B_0 + B_1 X_{1i} + B_2 X_{2i} + E_i,$

where Y_i are values of the dependent variable, $X_{1i}, X_{2i}, \ldots, X_{mi}$ are values of m independent variables, E_i - random errors, N > m+1 is the sample size. Multiple regression finds the set of parameters $B_0, B_1, \ldots, B_{mi}$ that provides the best fit between the model and the given data (which are a set of N vectors - $\{(Y_i, X_{1i}, \ldots, X_{mi}), \quad i = 1,\ldots,N\}$).

Yi = Year or time period (1999-00-2008-09).

X_{1i} = Total value of imports from Canada in Rs. Crore.

X_{2i} = Total value of exports to Canada in Rs. Crore.

E_i = random errors.

RESULTS AND DISCUSSION

The table 1 presents the certain demographic status of Canada. The total population of Canada as per 2006 government estimate is about 3.31 crore (Indian System) which is abysmally very low (less than 3 per cent) when compared to India's total population. It is not even having the population of small state in India. With regard to growth rate of population, Canada is recorded only 0.88 per cent as against India's 1.8 per cent. The Birth Rate of population posted a very low at 10.78 for Canada (2006) as against 26.1 per 1000 live population for India (2001). The Death Rate for Canada (2006) is also accounted very low at 7.80 as against India posted at 8.7. The net migration rate per 1000 population for Canada recorded as 5.85 as against India's 12.3.

TABLE 1: BASIC DEMOGRAPHIC STATUS OF CANADA

Category	2010
Total Population	33,098,932
Population Growth Rate	0.88 %
Birth Rate per 1000 population	10.78
Death Rate per 1000 population	7.80
Net Migration Rate per 1000 Population	5.85

Source: Website: 123 independenceday.com

TABLE 2: IMR AND TFR OF CANADA

Category	2011
IMR rate per 1000 live births	4.69
Male infant M.R. per 1000 live births	5.15
Female I.M.R per 1000 live births	4.22
Life Expectancy at birth in years	80.22
Male L.E. at birth	76.86
Female L.E at birth	83.74
Total Fertility Rate	1.61

Source: Website: 123 independenceday.com

Table 2 shows the total infant mortality rate, life expectancy rate at birth and total fertility in Canada. The infant mortality rate of Canada is one of the lowest in the world at 4.69 as against India's IMR at 55 (2007). Similarly, total life expectancy rate at birth of Canada stands at 80.22 as against India's life expectancy posted at 64.6 (2001). The total fertility rate of Canada is again recorded as one of the lowest in the world at 1.61 as against India's total fertility rate at 2.9. The demography of Canada is far ahead than India in keeping the status quo of the best demographic country in the world.

TABLE 3: LITERACY RATE AND RELIGIOUS STATUS OF CANADA

Category	2011
Total Literacy Rate in %	99
Male	99
Female	99
Major Religions (%)	2
Roman Catholic	42.6
Protestant	23.3
Other Christian	4.4
Muslims	1.9
Unspecified	11.8

Source: Website: 123 independenceday.com

Table 3 captures the literacy rate and religious distribution of population of Canada in terms of various aspects. It reveals the religious concentration of people which is high in Roman Catholic with 42.6 per cent followed by protestant 23.3 per cent, Muslims 1.9 per cent and unspecified 11.8 per cent. Canada enjoys the highest literacy rates with 99 per cent possibly due to the good educational policies employed right from the primary education and running up to the higher level. This is well attested by the fact that male (99 %) and female (99 %) attainment of highest literacy level long back. The private and public participation in boosting literacy rates as well as higher education is some thing to be reckoned with good governance.

TABLE 4: KEY ECONOMIC INDICATORS OF INDIA: 2004-05-2009-10

Item	Units	2004-05	2006-07	2007-08	2008-09	2009-10	2010-11
GDP	Rs.crore	2402727	2602065	2844942	3120029	3402716	3609425
Growth Rate	%	8.4	8.3	9.3	9.7	9.1	6.1
Savings Rate	% of GDP	29.8	31.7	34.2	35.7	37.7	Na
Capital Formation Rate	% of GDP	27.6	32.1	35.5	36.9	39.1	Na
Food-grains Production	Million tonne	213.2	198.4	208.6	217.3	230.8	229.9
Export Growth	% of Change	21.1	30.8	23.4	22.6	28.9	Na
Import Growth	% of Change	27.3	42.7	33.8	24.5	35.4	Na

Source: Economic Survey, 2010-11.

The key economic indicators of India are presented in Table 4. It shows that GDP at constant market prices is significantly increased from Rs.2402727 Cr in 2003-04 to Rs. 3609425 Cr in 2008-09. This reveals the fact that India is one of the fast emerging economies in the world. But on the other hand, if one looks closely at savings rate of India, it doesn't give the status of emerging economy due to lower savings rate we recorded at 29.8 per cent of GDP in 2003-04 to 37.7 per cent of GDP in 2007-08. The expected savings rate should be 45 per cent of our GDP. The capital formation rate has also recorded similar to that of savings rate during the cited period for obvious reasons. The food grains production has increased tremendously from 213.2 m.t. in 2003-04 to 229.9 m.t in 2008-09, shows rosy picture of the status of food supply in India. But due to the exclusion of poor people from the purview of food grains accessibility on account of high food prices, the robust production of food-grains has not percolated in to the mouths of the poor in rural India. On the most sensitive issue of export and import growth rate, India accounted for more imports surplus during the period 2003-4-2008-09 than that of what it should be (export surplus).

TABLE 5: CANADA ECONOMY - KEY FACTS

GDP (purchasing power	US$1.274 trillion	GDP (Per capita in 2007)	US$38,200
GDP (real growth rate in 2007)	2.7%	Rate of inflation in 2007 (consumer prices)	2.4%
Imports in 2007	US$394.4 billion	Exports in 2007	US$440.1 billion
Growth rate of industrial production in 2007	1.6%	External debt	US$758.6 billion

Source: © Stanley St Labs.

Table 5 captures the major key facts of Canada. The Canadian economy is the eighth largest in the world according to the IMF. As of 2007, its nominal GDP was $1.274 trillion, with growth of 2.7%. It is part of the G8 and other 'rich clubs' such as the OECD.

Unlike most developed economies, Canada has moved from agriculture straight to services, which now account for nearly 67.9% of GDP. This industry is very diverse and includes the retail sector, financial services, real estate, education, health, high-tech, entertainment and tourism. All these sectors are developing at a rapid rate with retail and health leading growth. The service industry employs 75% of the 17.9 million working Canadians. Another important factor in the country's development was the free trade agreement with the US that was signed in 1989, as well as the NAFTA treaty of 1994. These agreements linked several other key countries such as Mexico, Israel, Chile and Costa Rica to Canada and its economy. In January 2008, the country has also agreed to a Canadian-European free trade association that has further developed its robust economy (123 independence day.com).

TABLE 6: INDIA'S QUANTUM OF IMPORTS FROM CANADA 1999-00—2008-09

Year	(US $) in Million	(Rs) in Crores	% of shares
2001-02	--	1605	0.8
2002-03	--	1814	0.8
2003-04	--	2525	0.9
2004-05	--	2741	0.9
2005-06	725.9	3336	0.9
2006-07	775.7	3485	0.7
2007-08	895.0	3963	0.6
2008-09	1774	8042.7	0.9
2009-10	1972.2	7940.2	0.9
2010-11	1780.8	7965	0.9

Source: Economic Survey, 2010-11.

Table 6 presents the India's quantum of imports from Canada for the period 1999-00-2008-09. The total monetary value of imports from Canada has increased significantly from Rs. 1605 Cr to Rs. 7965 Cr in 2008-09. Correspondingly, in terms of US million dollar value also, the quantum of imports has increased substantially from $ 725.9 in 2003-04 to $1780 in 2008-09. This substantiates the well attested fact that the Canadian technology driven products are well known at the global level and India is no exception to this view and hence our Imports bill swelled during the period. We import many products from Canada. Canada is the second-largest country in the world by land mass (after Russia), and is blessed with natural resources. Oil and lumber - and pulp & paper - are two vital industries and exports. According to the USGS, Canada has the second-largest oil reserves in the world, with its large oil and gas reserves in Alberta, British Columbia and Saskatchewan and the Athabasca Tar Sands. Canadian mines are leading producers of nickel, gold, diamonds, uranium, and lead.

TABLE 7: INDIA'S QUANTUM OF EXPORTS TO CANADA

Year	(US $) in Million	(Rs) in Crores	% of shares
2000-01	--	2578	1.6
2002-03	--	2999	1.6
2003-04	--	2789	1.3
2004-05	--	3379	1.3
2005-06	763	3507	1.2
2006-07	866	3894	1.0
2007-08	1008.7	4466	1.0
2008-09	1110.4	5024.5	1.02
2009-10	1265.3	5094	1.2
2010-11	1006.8	4503.6	1.2

Source: Economic Survey, 2008-09.

Table 7 underscores the importance of India's exports to Canada for the period 1999-00-2008-09. India has achieved the Herculean task of higher exports target within some reasonable years of international trade with superb confidence. India's exports to Canada has significantly increased from Rs.2578 Cr in 1999-00 to Rs.4503 Cr in 2008-09. In terms of US million dollars, the total value of exports increased from $ 763 in 2003-04 to 1006.8 in 2008-09. This is possible due to the presence of high quality and durability of our products which actually attracted several foreign countries including Canada to place orders to buy multifarious products from India. The foreign trade policy, ex-im policy and other related policies introduced by the centre from time to time attracted many foreign businessman to India to have business with our entrepreneurs. This resulted in furthering our export earnings and foreign direct investment significantly. Further, good business climate, backed up by good infrastructure facilities and fine marketing facilities have made India an international hub for global business. The feel good policy, India shining policy and made in India policy has significantly increased the image and prestige of our country at the international level.

TABLE 8: SUMMARY RESULTS OF REGRESSION MODEL FOR IMPORTS AND EXPORTS BETWEEN INDIA AND CANADA: 1999-00-2008-09

Category	No.of Observations	Coefficient value	Standard Error	' t ' value	Adjusted R Square Value
Imports	10	1.071E-03	1.228	6.834*	.835
Exports	10	3.107E-03	1.105	7.715*	.867

Note: * Significant at 1 per cent level.

Table 8 captures the summary results of the regression model concerning imports and exports between India and Canada during the period 1999-00-2010-11. The regression results reveals that exports of goods and services to Canada has steeply increased for the period 1999-00-2008-09. The numerical data for the ten year period presented in the earlier table (10) relating to India's exports to Canada shows the consistent increase of our exports from Rs.2578 Cr to Rs. 4503.6 Cr in 2008-09 with a record of earning more than Rs.5000 Cr occurred on two occasions between 2006-2008. This is again well brought out from the regression results that exports posted positive coefficient value of 3.107 and emerged statistically significant at 1 per cent level. The government of India's good monetary and foreign trade policy fine tuned with appropriate introduction of economic reforms since 1991 has dramatically changed the exports earning capacity of our nation. On the other hand, our total monetary value of imports from Canada posted a different picture during the study period. The imports figure increased consistently with a spurt once in three years during the study period and eventually posting a record of imports to the tune of Rs. 8042 Cr in 2006-07. This is factually attested in the results of regression model that the coefficient values of imports posted at 1.071 and emerged statistically significant at 1 per cent level. This further lends credence to the fact imports value is greater than exports between India and Canada and at the same time Exports value is greater than imports between Canada and India.

INDO-CANADA TRADE RELATIONS

According to the recent figures on India's foreign trade partners, Canada accounts for 1.2% of India's total exports and 0.9% of imports. Indian exports to Canada have increased from C$ 280 million in 1992 to C$ 1326 million in 2003 (January to November): a five-fold increase. Canadian exports to India have marginally increased from C$ 529 million in 1992 to C$ 658 million in 2003 (January to November). Bilateral trade between the two countries accelerated to C$2.45 billion in 2004. The trade balance has been in India's favour ever since 1993. In Rupee terms, India's total exports to Canada were Rs 3507 crore ($1,423 million) in 2003 and imports from Canada amounted to Rs 3336 crore. India exports readymade garments, textiles, cotton yarn, carpets, floor spreads, gem & jewellery & precious stones, organic chemicals, coffee, spices, light engineering goods, iron & steel articles, footwear and leather products, rice, cereals, processed foods and marine products to Canada. India's major items of import from Canada include newsprint, wood pulp, asbestos, potash, peas, iron scrap, copper, minerals and industrial chemicals.

India is Canada's largest trading partner in South Asia, but is ranked as Canada's 18th largest export market. There is a room for improvement in the trade between the two countries as India's share in Canada's imports is not even 0.5%.

With the removal of the overseas investment ceiling of US $100 million, rapid increase in FDI in Canada by Indian software manufacturers has been seen. Since 2001, Indian flagship companies have expanded their operations in Canada with several setting up software development centers.

Though**,** Canadian companies are enjoying increasing success in the Indian market, Canada has a modest presence in India in terms of investment. Their major thrust is in five areas: power & energy, equipment & services; oil and gas; environment products & services; telecommunications & information technology; and the financial sector, including insurance. Growth of service sector sales reflect Canadian strength in traditional areas such as consulting and engineering, as well as a growing Canadian presence in fields such as education, software development, and financial services.

In line with India's market liberalization, Canadian FDI in India reached Cdn $144 million in 2002, while Indian FDI in Canada increased from Cdn $18 million in 1999 to Cdn $29 million in 2002.As part of the joint G-8 pledge on food security, Canada will more than double its investment in food security and provide $600 million in increased funding over three years, reaching $1.18 billion in overall funding. In total, G-8 members pledged to mobilize at least USD $15 billion (CAD $17.4 billion) over three years. The new funding will go to bilateral programming and multilateral initiatives.

Canada is a global leader in increasing food security, with our overall investment including food aid reaching over $580 million in fiscal year 2008-2009, a nearly 40% year-over-year increase. Our long-standing commitment was recently re-affirmed by the identification of food security as one of Canada's five international assistance priorities. With over a billion people now suffering from hunger, food security is a critical global challenge whose effects are felt most dramatically by the world's poorest and most vulnerable (Economy of Canada, © Stanley St Labs).

A NOTE ON EXPORT TAX

Export taxes are not prohibited by the WTO. About one third of WTO members impose export duties. For example, Indonesia applies taxes on palm oil exports and Madagascar on vanilla, coffee, pepper and cloves. Other examples include Mexico on sub-products of endangered species, Guatemala on coffee, Costa Rica on bananas, Mozambique on cashews, Ghana on cocoa, bauxite and manganese, Pakistan on raw/wet blue hides and skins and Malaysia on certain fish, birds eggs, fruit, nut, palm seeds, gums and resins. To ensure availability of raw materials for industries or to promote further processing, Sri Lanka levies export cesses on tea, coconut products, raw hides and skins. Brazil imposes export tax on cashew nuts with shells, tobacco, leather and skins to ensure domestic market supply, Thailand on hides, wood, rubber and metal scrap to protect its environment, Norway on fish and fish products, Canada on Canadian manufactured tobacco, Hong Kong on clothing and footwear, and Turkey on raw skins, hazelnuts and semi processed leather. New Zealand also imposes commodity levies and some recovery charges on some exports. In contrast, on the basis of recognition that export taxes distort trade, many regional trade agreements (like EU and NAFTA) and bilateral trade agreements (like Canada-Chile, Japan-Singapore and EU-Mexico trade agreements) have prohibited export taxes. Export taxes are mainly used by developing and least developed countries (LDCs). According to one recent study, among the 15 LDCs and 30 OECD countries reviewed in the context of the WTO Trade Policy Review Mechanism, 10 LDCs and 3 OECD countries impose export duties. The products on which export taxes are primarily imposed include agricultural products such as sugar, coffee and cocoa, forestry products and leather, hides and skins products. India, which is not a major user of export taxes/duties, maintains export tax on hides, skins, and leathers, tanned and untanned (not including manufacture of leather) to ensure export of high value-added leather goods, and very nominal cesses on certain commodities (Economic Survey, 2004-05).

SUMMARY AND CONCLUSION

Globalization has integrated the economies across the world. Financial structure within the country and across the globe has tended to become more harmonized. The domination of Anglo-Saxon model at the international level has encouraged the countries to do away the barriers existing before the start of economic globalization in the name of structural adjustment and macroeconomic stabilization. The free flow of capital (long and short-term nature) has been observed at increasing rate. Speculation has become dominant factor today to decide the fate of any firm and country. The diversifications of services provided by the financial institutions under one roof has done away the compartmentalized practices of financial institutions. The intermixing of activities by banks and stock markets has brought each other very close in such a way that health of one has become indicator of health of the other. This definite direction of financial structure and the role of finance in such financial structure has resulted the current global crisis, the strongest after the 1929 economic crisis. The current crisis has led to the rise of unemployment, decline of GDP growth rates and social unrest across the world. Whether the world will come out of the serious recession with the given type of financial structure or not is the question which will be answered in the future (Shri Ram College of commerce, 2010). Almost the entire northern part of the North American continent is occupied by Canada and is rated as the world's second largest country. Canada has a population of over 30 million people and an approximate growth rate of 1.0% owing to its migration policies. Much of the population constitutes of people of diverse ethnicity who migrated from several European and Asian countries. By the year 2070, Canada's population is estimated to become 60 million. Diversity is an outstanding feature of the demographics of Canada. Canada is a major supplier of agricultural products worldwide like wheat and other grains. The country's major trading partner is the United States followed by Europe and Asia. Over the last decade, the proportion of the population and GDP in the agricultural sector has declined drastically.

The Agricultural sector accounted for only 2.3% of the country's GDP in 2004. Manufacturing falls under the secondary industrial sectors of Canada and accounted for 26.4% of the country's GDP in 2004. Southwest Ontario has a major manufacturing sector with automobile as the primary industry. Ontario houses the branch plants of the leading automobile manufacturers of USA and Japan. There are also many Canadian parts factories in Ontario, like Magna International and Linamar Corporation. Currently Ontario manufactures more vehicles than its neighboring state. The services sector dominates the economy of Canada. It accounted for 71.3% of the country's GDP in 2004, employing about three quarter of the Canadian population. The retail sector is the largest employer under the services sector, employing about 12% of the country's population.

The G-20 countries which include India, Brazil and South Africa have tried to tackle the issues concerning the global trade in farm products within the ambit of WTO. The G-20 was forced to accept the version of the Agreement on Agriculture (AOA) presented by the G-8 countries. The agreement sought to help opening up of the protected markets of India and China for agri-business for North America and the European Unions. The basic aim of the G-8 is to bring a trade fight within the group of developing countries in the global market for agricultural exports. The paradigm of the AOA as conceived in the WTO is not only alien to the kind of peasant farming that prevails in the G-20 countries but also creating a rift among developing economies. The propaganda and myth about trade liberalization was that it would lift India's poor from below poverty line come by providing market access to rich. The market access rules of WTO are however, not wiping out poverty, they are wiping out the poor (MPOS, November, 2008, P 4-5).

Article 4 on market access in the WTO Agreement on Agriculture robs the rural poor of livelihoods by enabling powerful corporations from rich countries to dump artificially cheap, subsidized products on poor countries, and preventing poor countries from protecting themselves from dumping that threatens the very survival of poor peasants and small producers.

SUGGESTIONS

1. Both India and Canada should explore the possibility of linking trade agreement along with investment protection pact.
2. Economic integration with commodity cartel may lead to good harmonious trade relations between India and Canada.
3. The greater the elasticity of demand for regional products and the greater their supply elasticity, the greater the possibility of trade creation between India and Canada.
4. Free Trade Agreements (FTAs) is a special case where all tariff and non-tariff barriers are abolished and free access is allowed to the products of member countries must be attempted very often than not to promote foreign trade.
5. Similarly, Preferential Trade Agreements (PTAs) in which members of the PTA impose a preferential tariff or lower customs duty on the product originating from the member countries.
6. Under Common Markets (CMs) there should be a free flow of factors of production in addition to free flow of goods.
7. The emergence of European Union (EU) in 1992 and North American Free Trade Agreement (NAFTA) in 1994 has led to the further introduction of RTAs in Asia to boost international trade.

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