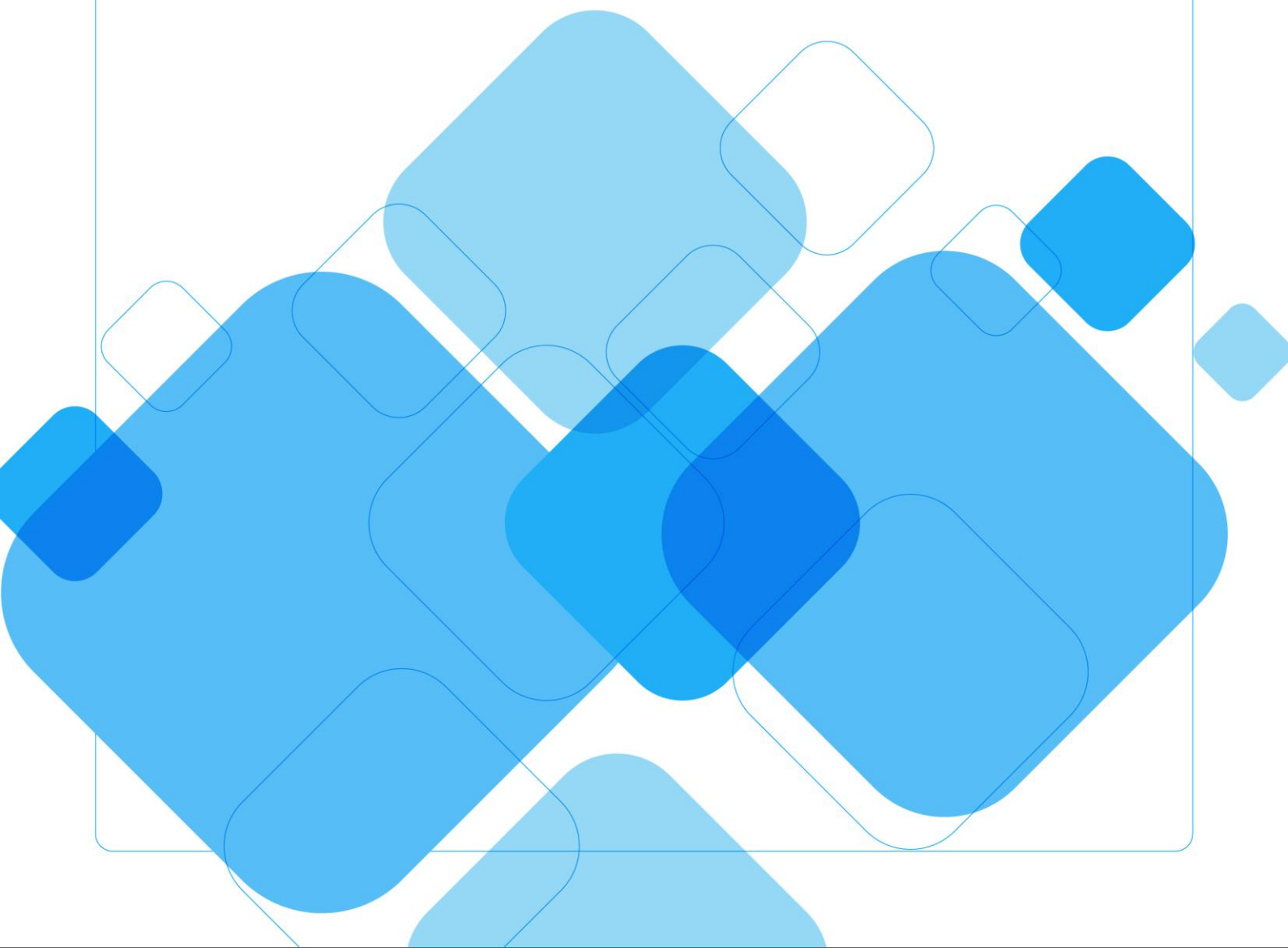




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Research Proposal Summary

Provisional dissertation title	Identification of Determinance of IIT in exports of agri-food products from selected developed and developing countries to India.
Service Type	Research Proposal Service.

1. Background and Previous Work

Several previous studies have been conducted to identify the determinants of intra-industry (IIT) in various developed (e.g. Łapinska, 2014) and developing countries in various industries like automobile (see e.g., Veeramani, 2007). Yet, research on the determinants of agri-food sectors remained still limited. This is perhaps that the industry has been assumed to be a perfect competition, but rather it was characterized as imperfect competition (Sexton, 2012). Given this, in both developed and developing countries IIT has found to play an important role in agricultural trade (Varma, 2012; Rasekhi & Shojaee, 2012).

Despite this importance and potential, yet, not many studies have been conducted in developing countries like India, a country with the world's second-largest producer of fruits and vegetables (KPMG, 2007). A recent study conducted by Poornima and Anjali (2014) investigated the determinants of IIT in the Indian agri-food sector and found that FTA has a positive impact on IIT but higher the dissimilarities the higher the IIT. The proposed study is different from the previous study by Varma, in several ways. Firstly, the study aimed to compare selected countries with FTA and non-signed countries. Secondly, the proposed study will also measure the intensity of IIT in individual groups of agri-food products as well as in geographical terms.

2. Aim and Research Objectives

The proposed empirical study aimed to identify the determinants of IIT in exports of agri-food products from selected developed and developing countries to India. In particular, this study will empirically assess various country-specific and industry-specific hypotheses concerning the determinants of vertical and horizontal intra-industry trade between India and her major trading partners. The country-specific determinants are per-capita income, economic dimension, distance, relative factor endowments and foreign direct investment. Industry-specific studies explain IIT as a function and variables of industry-specific are such as scale economies, product differentiation and firm concentration ratio.

3. Proposed Methodology

An econometric model for panel data will be applied for the analysis of the specific factors determining Indian bilateral intra-industry trade with selected free trade agreement countries (both developed and developing). The study will use the Grubel-Lloyd (GL) index (Grubel & Lloyd, 1975) as the indicator of intra-industry trade intensity and also provide information on the level of competitiveness. The research will cover selected agri-food products and data sources for the explanatory variables are the World Bank, World Development Indicators and the WITS database (World Integrated Trade Solution) variables obtained during the period of 1991-2014. The dependent variable used is the IIT Grubel and Lloyd (1975) index. The explanatory variables are country and industry-specific characteristics.

4. Expected Contribution

The present research perhaps contributes to the literature in three specific ways. Firstly, to our knowledge, this study is the first of its kind to address the IIT and measures its intensity across the individual and geographical areas. Secondly, an expansion of the research would be to disentangle IIT into vertical and horizontal IIT, because these differences may have different determinants. Thirdly, it should be recognized that intra-industry specialisation is one of the easier ways to enter the international division of labour, especially in the field of food production worldwide which is currently the main driving force of international food trade, especially trade between economically developed countries. Therefore, this study by analyzing the determinants of IIT would certainly pave the way for international food trade.

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