Wings of Imagination

'Democratic Republic of Mars'
-The future through knowledge and research

Seed is planted and belief is strong,
Darkness will disappear and knowledge will be born.
The days will come and the man will rise,
gravity would be mimicked and the man will fly.
There soil would be red but the surface would be dry,
dust would be whirling touching the sky.
Chances are less and danger is high,
but life would emerge to see the light.
Efforts would be made to sustain the site,
boundaries would be raised without fight.
Technology will drive and development would be high,
pain would vanish and only joy would survive.
Cast would be past and no place for lie,
truth would be key to live the life.
And the man will find another home to sigh,
and the man will find another home to sigh........

- Abhijeet Lele
Research Fellow, BIMTECH

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NEWSLETTER

Vol. 1, Issue 1 | July 2014

CENTRE FOR RESEARCH STUDIES

Shodh Gyaan
Knowledge Through Research

Centre for Research Studies, Birla Institute of Management Technology

Shodh Gyaan

Knowledge Through Research

> " I am sure; they will be equally well accepted if not better by the market as well as the academic community. It is a matter of pride that 13 candidates registered in this Centre have already got their Doctoral degree and 11 candidates have submitted their thesis during this academic year. "

From Desk of Director

For creating and disseminating knowledge, quality research is a must. Though senior professors contribute, especially at the conceptual level, it is the doctoral and post doctoral scholars who produce maximum research output. To make India a knowledge hub, we need to produce many Ph.Ds and Fellows. At the tertiary level, the registration of students is around 17% whereas at doctoral level it is hardly 1%. Every year, on an average 1.20,000 people register for doctoral courses in India across all possible fields but drop-out rates are astonishingly high to around 50%. China produces around 50,000 Ph.Ds per year whereas India produces only around 20,000 per year. The growth of Ph.D output in China is 40% against India's 8.5%. In management education, the scenario is worse. Approximately 3, 85,000 students enroll for PGDM, MBA or equivalent courses but India produce handful of doctors in management. Top IIM's, who are considered to be Mecca of Management education and research, produce only 5-7 FPM (Equivalent to Ph.D.) per year. New IIMs have yet to produce doctors in management. In universities, the quality of Ph.Ds in general and particularly in management is questionable.

Our Centre for Research has been successfully running Ph. D. programme. Ph. Ds produced from this centre have been well accepted in the market. Recently, it has started AICTE approved Fellow Programme as well. The first batch of FPM is expected to be out in the later part of next year. I am sure; they will be equally well accepted if not better by the market as well as the academic community. It is a matter of pride that 13 candidates registered in this Centre have already got their Doctoral degree and 11 candidates have submitted their thesis during this academic year.

Centre for Research Studies at Birla Institute of Management Technology has decided to bring out quarterly information bulletin to disseminate the information about its activities, which I am sure, will be quite helpful for the academic community in general and to the Ph.D scholars pursuing their research in particular. It should also be instrumental in drawing doctoral aspirants who desire to have a quality research output and contribute to knowledge creation in the field of management.

I wish the Bulletin all success.

Dr. H. Chaturvedi

From Desk of Dean (Research)

BIMTECH's Doctoral Programme is unique. It caters to both Ph.D. aspirants who are bound by the university rules and regulations and the Fellow Programme in Management (FPM) which is totally governed by the institute under AICTE framework. For FPM, the Institute follows the process set by leading IIMs. In fact IIM Ahmadabad was the first to start the doctoral programme (FPM) mainly because they were not able to get appropriate faculty from the university system. However, after running the FPM process for a few years, they observed that its output was suitable not only for management teaching & research but were in demand by industries as well. The programme objective and delivery was, therefore, changed to serve both the academia as well as the industry.

Be as it may, both Ph.D. and FPM programmes open the gateways for research. Having been in research in the physical sciences in my earlier career and wading through the management portfolios at the top level; I was occasionally associated with research in management as a co-guide or an examiner of a thesis. Sometimes, my role was that of a protagonist in the case research. In the process, I had opportunity to interact with some doctoral students at various milestones of doctoral programme; getting entry, doing course work, writing dissertation and defending the thesis.

On reflection, I find that the doctoral programme is a Chakravyuh in which around 50% of those who enter perish. Out of those who come out successfully, quite few are badly bruised; hardly anyone is unscathed. But those who come out have rich harvest which is valuable for whole life. A high proportion of doctoral resources get wasted in Indian universities and management institutions. There are many reasons of the drop out but one thing is certain that it is a great loss to the doctoral student, the guide, the institution/university and nation at large. While the decision of leaving the programme mainly rest with the candidate, the advisor (guide) can play a crucial role for his/her motivation resulting in retention. As a guide for over 12 years, I have made close observation of those entering this Chakravyuh of which some perished while some others came out. Without getting into the causes, I would like to give these worriers some tips for succeeding in doctoral programme.

Dr. Arun Sahay

The Doctoral Chakravyuh

Whose Responsibility is this?

Before committing for doctoral programme, the candidate should be very clear as to whose responsibility is it? Doctoral programme is quite different from the bachelor's or master's programme as beyond the course work, it is unstructured. Every doctoral student is unique in his/her attitude and ability, and thus, in the management of their tenure through the programme. Some scholars come with a notion that there will be spoon feeding as was in their earlier courses. Sometimes, I have been asked by the incoming candidate as which guide is safer to be with or with whom the thesis will be faster or who can get favourable report on the thesis. This is not the right approach to enter the Chakravyuh. One must be clear about her/his aims and objectives of the research. She/he should choose a guide who can willingly align with the candidate's objective of research. It should be clearly understood that the responsibility for the research is that of the candidate. No doubt, s(he) should expect hand holding from the guide as and when needed but the candidate must have a clear understanding of Researcher-Guide relationship. The knowledge creation is Researcher's job. It is the candidate who earns the degree that creates a foundation for her/his future. The guide is only a catalyst in the process.

Which is first, Motivation or Competence?

In my opinion Motivation is the key. The competence of the candidate is checked at the entry point itself. The institutions generally have entry criteria. It is easy to raise the bar at the entry level rather than lamenting at the later stage. It is presumed that the candidates for doctoral study are well motivated; that is why they are committing their 3 to 5 years. The issue, however, is sustaining the motivation for such long period. If the candidate is able to sustain or raise his level of motivation, any discrepancy in his competence level can be alleviated. Motivation is to be willing and enthusiastic about engaging in the unstructured process of knowledge creation, especially when many attempts for such pursuit reach frustrating dead ends. Competence allows scholars to be efficient in knowledge absorption, integration, deployment of tools, and ultimately deliver quality product. No one enters the programme with all the competencies required but acquires these during course work, discussions with peers, guide and other seniors. Learning these becomes easier if the degree of motivation is higher. A threshold level of both motivation and competence in the candidate is required. Whatever the combination of motivation and competence, the guide(s) can play a great role in making their candidates come out of the Chakravyuh.

Proactive or Reactive?

The work required for doctoral degree is much more than just taking a series of courses, passing in them and clearing a check list. This degree opens the gate for research as well as provides grounding for a bright career. Doctoral students, who join the programme, can be classified in two categories; Reactive and Proactive. Because of certain conditions laid down for entry and promotion of faculty, I find majority of the candidates are reactive because they join the programme not because they are motivated but because it is prescribed for entry and moving up the ladder in teaching profession. Those who go through the program in reactive mode by merely reacting to program requirements are more likely to perish. Even if they come out of the chakravyuh, they are badly bruised and less confident. They tend to get less out of their doctoral education than students who are proactive. Those who enter with a positive mindset and have a well spun out plan are proactive at every stage of their doctoral work. They take actions that keep the broad objective of learning and cultivating research and teaching skills, while simultaneously focusing on program requirements. Some of the most successful students I have come across showed confidence right at the time of entrance. This was so because they had done their home work well; they had slogged and had already their reference list and problems to work on. They did not avoid challenging courses, read copiously, exposed their work in conferences, and sought opportunities to work with colleagues and faculty. They come out with many relevant questions which helps them both in their domain as well as methodology. They show motivation and competence at every stage of the doctoral programme which accelerates their maturation process as researcher. The planning and hard work by them command respect in the eyes of their colleagues and mentors which in turn helps in their career building. On the contrary, doing doctorate in reactive mode is a pain in neck for both the candidate and the guide. The change of mindset for such candidates is necessary right at the beginning.

How to Synergize Doctoral Activities?

Doctoral programme calls for variety of activities which have pedagogical value. The candidates get opportunity to teach, evaluate answer sheets & course research projects, assist in organizing seminars and conferences, prepare research proposals, edit house bulletins, newsletters etc. I have observed that the candidates, in general, do not have an integrated plan. They often take such activities in a piece-meal way. Doing such activities across boundaries, no doubt, gives the scholars a breadth of knowledge but for research what they need is initial breadth in overall area of research but depth

in the problem they are researching on. Therefore, they need to dovetail the opportunities to their research question. For instance, teaching courses in their area of interest, getting involved with course projects that require study of research papers which they have short listed for their literature review etc. may give them a head start on a dissertation topic. Thus, while their main work is to produce a quality thesis, they should undertake other related activities which are synergistic.

Dr. Arun Sahay
-To be continued
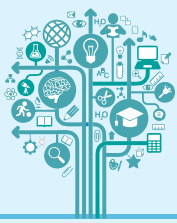
Research Scholars BIMTECH Jan 2014 Batch

With the blossoming New Year, BIMTECH's Centre for Research Studies enrolled 11 candidates in January 2014 for various Doctoral Programs in management including Fellowship Programme in management (FPM), Executive Fellowship Programme in management (EFPM) and Doctor of Philosophy (Ph.D)

Here is the glimpse of our research scholars:

Abhijeet Lele
Course Enrolled   : FPM
Current Organization   : Research Fellow,
                         BIMTECH
Work Experience   : 3 Years 6 Months
Research Area   : Human Resource
                         Management

Amit Kumar Jha
Course Enrolled   : Ph.D.
Current Organization   : Assistant Vice
                         President, RBSA
                         Valuation Advisor
Work Experience   : 10 Years
Research Area   : Strategic Marketing

Harbir Singh
Course Enrolled   : EFPM
Current Organization   : Test Manager, Aristocrat
                         Technologies
Work Experience   : 9 Years
Research Area   : Strategic Management

Jugal Kishore Vashist
Course Enrolled   : Ph.D.
Current Organization   : CEO, Kirloskar
                         Pneumatic Co. Ltd
Work Experience   : 17 Years
Research Area   : Supply Chain
                         Management

Kritika Raj
Course Enrolled   : FPM
Current Organization   : Research Fellow,
                         BIMTECH
Work Experience   : 2 Years and 6 Months
Research Area   : Human Resource
                         Management

Mayuk Dasgupta
Course Enrolled   : EFPM
Current Organization   : Director Business, Tech
                         Mahindra Limited
Work Experience   : 14 Years and 6 Months
Research Area   : Organizational Culture,
                         Strategic Management

Monika Punn
Course Enrolled   : Ph.D.
Current Organization   : NA
Work Experience   : 4 Years
Research Area   : Human Resource
                         Management

Neeti Sharma
Course Enrolled   : Ph.D.
Current Organization   : Asst. Prof, Maharishi
                         Institute of Management
Work Experience   : 6 Years
Research Area   : Human Resource
                         Management

Parul Bajaj
Course Enrolled   : Ph.D.
Current Organization   : NA
Work Experience   : 5 Years
Research Area   : International Business

Sanjib Jena
Course Enrolled   : Ph.D.
Current Organization   : AGM, Hitachi Plant
                         Technologies India Pvt. Ltd.
Work Experience   : 17 Years
Research Area   : Strategic Management

Vikas Sikand
Course Enrolled   : EFPM
Current Organization   : CEO, DAVS Priya Food
                         Creation Pvt. Ltd
Work Experience   : 27 Years
Research Area   : Strategic Management

My Journey to my Thesis

-Pallavi Seth

In April 2008 when I completed my PGDM- IBM from BIMTECH, I had never thought that I would join again BIMTECH as a student. I passed out from BIMTECH in 2008 and joined HCL, Chennai as a Management Trainee and was quite happy with the job. My office was in Special Economic Zone (SEZ) of Chennai and was a kind of dream office for me. Also, I got the opportunity of onsite project in London. Onsite project, great perks, dream office, what else can we expect from your first job. But within me, something was missing. Always wanted to do Ph.D, but did not know which route to follow. BIMTECH was my alma mater and whenever I felt nostalgic, I used to visit BIMTECH website. In this, I came across a vacancy in BIMTECH for Research Fellow. Then, I enquired about the process and after clearing entrance test and interview; I joined BIMTECH as a Research Fellow. Till this point, I had no idea that what was actually waiting for me.

After joining BIMTECH, first milestone, we had to achieve was the rigorous course work of one year. The course work gave the insights about research, research methodology, how to finalize the topic, how to write the research paper etc. After completing a year and clearing all the papers on the first go, now the next or I must say, the most challenging task was to select your Ph.D guide. It is at this moment that I recalled- "The mediocre teacher tells. The good teacher explains. The superior teacher demonstrates. The great teacher inspires." (William Arthur Ward).

If I talk about my guide Dr. G. N. Patel, I really feel that he is the person who believed that I COULD DO IT. He has always inspired me, supported me as and also scolded me when I did not give priority to research. I still remember the day when I was on maternity leave and Dr. Patel called me and asked me to send the abstract for an International Conference. That Conference was the first step towards my research. Not only my case was selected for the conference but I also got the Young Scholar Award. I undertook the Ph.D programme that is affiliated with MLSU, Udaipur. I went to Udaipur to appear in entrance examination. I still remember I could not sleep till the result of the entrance exam was out.

The next challenging task was to choose research topic which can fulfill below requirements-
1. It should contribute to knowledge
2. It should not have been done before.

I went through many research papers, reports, articles, met a few scholars in the field as well as interacted with them over mails. At last, the topic started emerging and after round of discussions it was finalized but it had to be approved by the University which requires a structured process. Here, too, I had to struggle. Unfortunately, I was hospitalized with food poisoning when I had to present my synopsis. Here, I would like to thanks Dr. Sahay, because the internal presentation of my synopsis was done so many times that actually I didn't need to prepare for my final synopsis presentation. He was the one who exhorted, "Now or another long wait". Luckily, got permission from doctor for 2 hrs; came to BIMTECH for presentation and went back to hospital. Eventually the synopsis for the thesis got approved.

Approval of the synopsis opened the gateway which was followed with writing and publishing of research papers. My papers were accepted and later published by international publishers. It was a big morale booster. Finally, the day come when I had to make pre thesis presentation first before the internal committee and later in the presence of the University representative. I am now working on the final thesis that will incorporate all the suggestion received from various members of the thesis review committee. The journey is not yet complete though the destination is in sight.

In this journey, I would like to express my gratitude to all my well wishers, especially the Director, BIMTECH for his support and guidance. It was his generous permission for going to the conferences, seminars, FDPs that helped me in shaping my thoughts.

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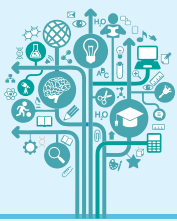
Organizational Culture and Firm Performance – A reflection of theory, research and practice

-Mayuk Dasgupta

"Culture eats Strategy for Breakfast" said Peter Drucker and so do the successful CEOs across the world. Almost thirty years of systematic research of organizational culture within the field of organizational behavior has transformed it from a mere concept to theory. Organizational Culture as a term has been derived from anthropology and over the years of research, been developed, associated and structured with the other concepts in the field of psychology, sociology, and management. It has emerged as one of the key tools in understanding the behavior of people in organizations. In recent times, organizational culture is one of the most explored phenomena of organizational behavior and an expected variable in explaining the functioning of all kinds of organizations.

Genesis

"Organizational culture" as a term was first used in the literature in management in 1979 by Pettigrew in the journal, "Administrative Science Quarterly". Considering the etymological background, "Culture" has been originated from the Latin word "cultura"- "soil cultivation". Culture has been referred as the steady set of values, behaviors and believes which are usually held in a society at large and is being consequential to sociological anthropology as a foundation for understanding the "primitive" societies. The early works of anthropologists like Malinowski (as mentioned in the Encyclopedia of social sciences) termed social organizations as a part of culture which comprises of artifacts, materials, mechanical processes, habits, ideas and values. Even though the concept of organizational culture gained momentum in the early 1980s, its roots can be found in the initial views of human relations school in organizations coined during the 1940s. Attention towards the study of culture in organizations lost its ground due to the rise of organizational science, and the discipline of social science precisely, became increasingly more positivist to the degree that the research in organizational culture continued but its emphasis drifted to its further quantifiable features, predominantly towards the attitudes and perceptions of employees which delves more into understanding of the individual participation, the degree of entrustment, the level of social detachment as implied through positional differences, & the extent of harmonization spread throughout the units.

Research in Organizational Culture

During the period of 1960's to 1970's, Denison conducted series of research mentioned as "organization climate studies" which sometimes was a misnomer as referred by researchers as a different connotation to culture. The transformed interest of organizational culture which appeared during the late 1970s propounded for a grounded, further multifaceted anthropological approach in order to determine the essential and mainly the invisible facets of life in organizations. This transformed interest in organizational culture reflected a return of interest in the early literature in this area and also went ahead by making a contribution in terms of new insights and ways of thinking about the role, characteristics and the importance of organizational culture. Moreover, the research on the influence of culture on performance in organizations and investigations into how does culture get created, preserved, and changed has received better consideration from researchers. The major alteration to the thought was that organizational culture has been observed less as a natural and naturally evolving phenomenon and more as a competitive ability which was manipulable and controllable. During the 1980's, several researchers have contrasted the economic success of the Japanese firms over their American counterparts as a resultant of organizational culture which helped them in motivating their workers and improved their commitment towards creating a common set of beliefs, assumptions and core values. Many authors have labeled organizational culture as a construct which has something to do with individuals or groups in organizations and also the distinct quality and approach of the organization and the way they execute tasks. Quite often, organization culture is also termed to be "corporate culture".

The use of "Corporate Culture" has been for symbolizing the additional "commercialized" denotation of culture in the organizations. In a longitudinal study conducted by Hampden-Turner & Trompenaars during the late 1980's defined seven cultural dimensions which they referred to as "seven dimensions of culture" model which was studied through an widespread database of 30,000 survey results collected over a period of ten years spread across twenty-eight countries through the series of several studies involving questionnaires surveys being sent to managers spread across the continents. A similar study was conducted by Hofstede for IBM across the global subsidiaries and proposed a four dimensional model of culture which highlighted the cultural values like masculinity – feminity , individualism – collectivism, uncertainty – avoidance and power-distance visible on a multi-cultural environment for a large multinational organization.

Culture – Performance linkages

The major interest for management researchers to study organizational culture is the hypothesis that certain organizational culture drives a positive impact to increase the firm's economic performance. In the current economic scenario, business is in a challenging position to constantly propose a diversified portfolio of products and solutions which help the firm to create competitive advantage. Despite of the significant role of innovation for performance improvement, organizations varies in their focus on developing internal capabilities for innovation and creation of significant results. Research conducted on the linkage between culture and organizational performance had increased exponentially during the last three decades. During the 1980s, researchers were obsessed with the idea to create strong theoretical foundations as a pursuit for finding out values in organizations which are strong and collective and are assumed to be the resultant of organizational performance. Several researchers have proclaimed that firms with high performance characteristics can be distinguished from low performance firms in terms of the possessed cultural traits which results in creation of 'strong culture'.

However, these recommendations were critiqued in terms of the authentic empirical testing and validity of such claim. During the 1990s, the "obsession" for proving the theory of culture-performance linkages found unreliable results on the relationship between cultural strengths and organizational performance. Many researchers mentioned that profitability is any organizational goal and a cultural norm in an organization strongly affects all who are part of the organizational life. Besides the market competition, both innovation and a cohesive culture control the appropriateness of a firm's actions that can add to its performance. Inherently, culture is not only a significant aspect of an organization; it is also the key driver of business performance. Culture is the centrifugal force that controls and governs all the activities which an organization performs. It is the DNA of which the company exists of, how it operates, what its goals are and how it manages its employees, customers and other stakeholders.

Concluding remarks

Organizational performance has been one of the central issues for every organization. It is crucial for managers to know the organizational factors that influence performance in order for them to take suitable actions to drive them. Nevertheless, defining, theorizing, and determining performance have been a difficult work. Organizational researchers have dissimilar views on the classifications of organizational performance, which still remains a debatable topic. However, the dominant issue remains as the concern on the appropriateness of numerous methodologies, its utilization and measurement of economic outcomes in organizations. Earlier research on organizational culture has concentrated on single, distinct foundations of culture, while discounting the multidimensional nature of culture, i.e.; a construct which is composed out of several closely interconnected variables. The research in the area of Organizational Culture and Performance in India still remains unexplored to large extent. Literature reveals the fact that most of the research resembles the study of organization climate factors, than organizational culture per se. Several researchers in India may have more strongly related to artifacts, socio-facts and menti-facts in organizations taking on more the archetype of contemporary anthropologists while unearthing linkages between tacit and explicit forms of cultural evidence in the approximations of ethnographic narratives. In this context, a research on the culture-performance linkages will be highly impactful for understanding the theoretical underpinnings and dynamics of Indian organizations dealing with this aspect.

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A dissection of Free Trade Agreement

-Parul Bajaj

Introduction

Adam Smith (2005) dismissed the mercantilist protectionist view which held that no trade was beneficial for the economy. He propounded the theory of Absolute cost advantage in favour of international trade. The theory was further advanced by David Ricardo (1971) in his comparative advantage theory. Few economists would today argue that free trade leads to an overall increase in welfare and benefits. The theory of Free trade area dates back to Johnson (1965) who talks about harmonization of trade and that interfering with trade worsens the allocation of resources. Free trade area (FTA) is considered as the second stage of economic integration. This occurs when two or more than two countries eliminate all tariff barriers amongst after a preferential trade area. The line between an FTA and PTA (Preferential trade area) is blurred and a PTA is generally formed to mature in to an FTA. A PTA is less deep and the tariff on goods is not abolished completely, it just gives a preferential access to selected goods from the country.

An FTA is said to exist when two or more countries eliminate all tariff, quotas and preferences on most goods and services amongst themselves but retain their individual tariffs against the rest of the world. It is also sometimes known as a free trade association. The basic aim of a free trade area is to remove barriers so that trade can grow as a result of specialization, division of labour and most importantly comparative advantage. Countries enter into FTA when their economic structures are complementary rather than competitive in nature. For the non members the FTA doesn't have common tariffs unlike the custom union. Verbit (1969) cites the importance of free trade areas in context of developing nations and says that although an FTA may vary in form and content but the basic purpose remains to diminish tariff and to ameliorate trade. He further suggests that developing countries have particular interests in negotiating these trade agreements because foreign trade is a significant proportion of their economic activity and can provide leverage for growth. According to WTO it was in the year 1960 that the earliest FTA came into existence.

This was the European Free trade agreement.   The era of 1980's has seen a drastic shift from global trade negotiations towards regional blocks. One of the primary reasons for the origination of FTA is the several failed rounds of multilateral trade organizations at the WTO level. This led to a proliferation in the FTAs in the world in the 1990s. The world trade report (2011) brings about some startling facts relating to Free trade agreements notably FTAS account for more than three quarters of all PTAs and today the free trade agreements are far more prevalent than custom unions. Whenever a country signs a deal relating to formation of an FTA it becomes a free trade agreement.

The proliferation of FTAS in the East Asian region is due to success of agreements such as NAFTA, European economic regionalism including a monetary union in the euro area, a common network for production and supply chain activities of the firms in the East Asian region without any cross border impediments. And perhaps a need for deeper integration was felt to get out of a crisis like situation. As of 31 January 2014, some 583 notifications of RTAs (which includes FTAs, counting goods, services and accessions) had been received by GATT/WTO. Of these 377 were in force.

India and Free trade agreements

Today these free trade agreements are the order of the day and India is not far behind in the race. If we talk about India's current trade proportion to world trade, India's share in world total exports was 1.60% while its share in total imports was 2.63%. Thus the potential is still there to increase these figures in the coming times. These FTAs have become an easy option for countries like India looking for increase in their trade figures after the multilateral framework repeatedly failed in WTO discussion rounds. Initially East Asia, while talking in context of India and other neighboring countries was lagging behind the western grouping but today we see a highly intensified trend with Thailand and Singapore leading the rest. In south East Asia it was the financial crisis of 1997-1998 that led to the intensification. India is currently in negotiations with many countries for signing the FTA in the south East Asian region as well as many other nations around the world. If we look at the latest statistics; India has already signed 19 agreements and is in the course of negotiating 19 more. In other agreement /negotiation category including feasibility studies being undertaken; there is a listing of 22 agreements . Till the 1990s India was following a closed trade model till it opened its doors to the outside world. These agreements are not only about FTAs but some are also CEPA (Comprehensive economic partnership) where it moves beyond just the free trade in goods. The integration becomes much deeper when sectors like services and investments become involved.

Impact assessment and importance in Research

A phenomenon which is growing by leaps and bounds with multiple negotiations involved needs to be examined in deeper light. Thus the study of the impact assessment of these free trade agreements becomes important and is a. The impacts can take various forms. Firstly we study the economic impacts (GDP, welfare, Employment etc), the region impact where there is talk about which regional groupings will benefit the most (ASEAN and Japan, ASEAN and China etc), the trade impact falling into trade creation and trade diversion effects. Trade is created when two nations who enter into an FTA take advantage of the cheaper products from the other partner nation and trade diversion takes place when the nation buys the good from its partner country other than a country outside the trade area which happens to be a more efficient producer. When the dwell deeper into the trade analysis we have sectoral level studies. Utility impact studies focus on whether the FTA is being utilized by the firms at the user end levels. It is pertinent to note here that every agreement is different by its nature and this complexity is multiplied as the coverage and depth varies across regions. This calls for every agreement to be studied separately rather than generalizations being applied.

Conclusion

Whether these trade agreements are actually enhancing trade and welfare is being questioned due to a complexity of multiple and complex rules of origin. This is a debate raging between two groups, one who state that the FTA increases the welfare and the other who believe that this complexity of FTAs have resulted in an increase in burden of business with the firms experiencing a higher level of burden due to cost benefit effect of multiple ROOs. Bhagwati (2008) goes on to call them the termites in the world trading system. Also there are arguments against FTAs whether they can divert trade from non members to members thereby resulting in inefficiency in allocation. This arises when non members happen to be more efficient producers. There is a definite provision under Article 24 of GATT wherein the FTAs are allowed under certain conditions being met. Today the WTO which stands for multilateralism in the world trading system and the Most favoured nation clause attached to its working has to live with the reality of the New age FTAs which are transcending the geographical borders, moving towards greater areas of cooperation in services and investments. The focus in context of FTAs is no longer on the relevance but the impact.

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