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# **Foreign Exchange Reserves and Exchange Rates in Nigeria: Structural Breaks, Unit Roots and Cointegration Tests**

**D O Olayungbo and T O Akinbobola**

## **Abstract**

This paper investigates the relationship between exchange rates (nominal and real) and foreign exchange reserves for Nigeria Using quarterly data between the period of 1970:Q1 to 2006:Q4. Quandt-Andrew break point test which determines endogenously the unknown break point for the series where carried out for the detectability of the structural breaks. The unit root, cointegration test and the Granger causality test with ECM were used. The results indicate that there is both short run and long run relationship between foreign reserve and nominal exchange rate. There is also a faster adjustment of foreign exchange reserve to changes in nominal exchange rate than changes in real exchange rate. The direction of the Granger causality test is unidirectional, which suggests that nominal exchange rate Granger cause foreign exchange reserve in the long run.

## **‘Slippage’: The Bane of Rural Drinking Water Sector (A Study of Extent and Causes in Andhra Pradesh)**

**V Ratna Reddy, M S Rammohan Rao and M Venkataswamy**

## **Abstract**

‘Slippage’ is one of the main bottlenecks on the path to achieving full coverage of water and sanitation services in India. ‘Slippage’ often reflects unsustainable service delivery of water, sanitation and hygiene (WASH) services, especially in rural areas. Of late, slippage is attracting attention at the policy level though it is as old as the coverage of water supply services. This paper makes an attempt to: i) assess the extent of slippage at the national and state levels; ii) identify the causes of slippage; and iii) provide some pointers for policy based on the analysis.

The extent of slippage is quite substantial even at the aggregate level. In some states it is as high as 60 per cent. Our analysis at the national, state and habitation levels suggests strongly that policy-makers should look beyond the often-repeated supply side strategies. As evident from the experience of Andhra Pradesh, the demand side and governance factors play an equally, if not more, important role in addressing the sustainability issues. So far the experience shows that large investments in water sector would not automatically lead to increase in coverage. The sector also needs a sound policy and capacity so that money is spent effectively and leads to increased water security. The policy should also address resource sustainability and behavioural change goals instead of relying upon a one-sided target driven approach.

# **World Development: A Critical Appraisal from Sustainability Perspective**

**Subhash Sharma**

## **Abstract**

Our basic contention is that high growth rate does not necessarily lead to happiness and well-being of the common people because the issues of low purchasing power of the poor and inequality are kept unaddressed. Further, the over-exploitation of natural resources and more consumption of energy, driven by the free-market philosophy, have worsened the situation resulting in climate change, especially the global warming. But, unfortunately, many developed countries, led by US, are not taking full responsibility and are not ready to pay compensation for damages to global commons and the developing countries like India have not emphatically asserted themselves and challenged their hegemony (as reflected in Copenhagen and Cancun Agreements). Hence, there is a need for paradigm shift from neo-classical type of development to ecological sustainability respecting both intrinsic and instrumental values of nature, on the one hand, and meeting the needs of future generations with equity, on the other.

# **Evaluation of Contribution of Forestry Sector to Economy: Application of Forest Resource Accounting in Gujarat, India**

**Kiran P Mali, Katar Singh, P C Kotwal and M D Omprakash**

## **Abstract**

The forestry sector is one of the primary sectors that contributes significantly to India's economy. Forests provide a large variety of tangible and intangible benefits for the people at large and are a prime source of livelihood for millions of the poor people. The recorded contribution of the forestry sector to India's GDP in 2007-2008 was, however, only 0.7%, which is very low compared to its actual contribution. The main reasons of the low contribution of the forestry sector are gross underestimation; under-valuation and the lack of recording of most of the forest benefits in the conventional system of Forest Resource Accounting (FRA). The main objective of the paper is to estimate as realistically as possible the quantity and the monetary values of both recorded and unrecorded forest produce in Gujarat state and assess the contribution of the forestry sector to the State's economy, using some of the tools and techniques of FRA. The study revealed that the contribution of the forestry sector to the Gross State Domestic Product of Gujarat could be significantly enhanced by correctly estimating the values of both recorded and unrecorded forest benefits and by valuing and accounting for intangible goods and services provided by the forests.

# **Soil Fertility Management in Semi-Arid Regions of Andhra Pradesh: A Socio-Economic Analysis**

**B Suresh Reddy**

## **Abstract**

Soil fertility has a huge impact on agricultural crop yields. Based on the fieldwork done in Andhra Pradesh, this paper highlights the local farmers' indepth knowledge of soil fertility management and the socio-economic web woven around the practices. Empirical data of the study reveals that by providing organic manure, the live stock wields a profound influence on the soil fertility enhancement. The study points out that there is a need to provide credit to farmers for adopting soil fertility management methods which suit their socio-economic conditions.