



ASIA-PACIFIC DEVELOPMENT JOURNAL

Vol. 21, No. 2, December 2014

IN THIS ISSUE:

Analytical framework on credit risks for financing small and medium-sized enterprises in Asia

Indo-Nepal economic cooperation: a subregional perspective

Contribution of the urban poor: evidence from Chennai, India

Regional disparities in Sri Lanka: an empirical analysis

The challenge of betel nut consumption to economic development: a case of Honiara, Solomon Islands

The secretariat of the Economic and Social Commission for Asia and the Pacific (ESCAP) is the regional development arm of the United Nations and serves as the main economic and social development centre for the United Nations in Asia and the Pacific. Its mandate is to foster cooperation among its 53 members and 9 associate members. It provides the strategic link between global and country-level programmes and issues. It supports Governments of countries in the region in consolidating regional positions and advocates regional approaches to meeting the region's unique socioeconomic challenges in a globalizing world. The ESCAP secretariat is in Bangkok. Please visit the ESCAP website at <www.unescap.org> for further information.



The shaded areas of the map indicate ESCAP members and associate members.

ASIA-PACIFIC DEVELOPMENT JOURNAL

Vol. 21, No. 2, December 2014



United Nations
New York, 2015

ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC

ASIA-PACIFIC DEVELOPMENT JOURNAL

Vol. 21, No. 2, December 2014

United Nations publication

Sales No. E.15.II.F.8

Copyright © United Nations 2015

All rights reserved

Manufactured in Thailand

July 2015 – 700

ISBN: 978-92-1-120692-0

e-ISBN: 978-92-1-057402-0

ISSN: 1020-1246

ST/ESCAP/2710

This publication may be reproduced in whole or in part for educational or non-profit purposes without special permission from the copyright holder, provided that the source is acknowledged. The ESCAP Publications Office would appreciate receiving a copy of any publication that uses this publication as a source.

No use may be made of this publication for resale or any other commercial purpose whatsoever without prior permission. Applications for such permission, with a statement of the purpose and extent of reproduction, should be addressed to the Secretary of the Publications Board, United Nations, New York.

Advisory Board

Members

Dr. YILMAZ AKYÜZ

Chief Economist, South Centre (former Director and Chief Economist, United Nations Conference on Trade and Development (UNCTAD)), Switzerland

Dr. RASHID AMJAD

Vice-Chancellor, Pakistan Institute of Development Economics (PIDE), Pakistan

Dr. MYRNA AUSTRIA

Vice-Chancellor for Academics, De La Salle University, Philippines

PROFESSOR RAJESH CHANDRA

Vice-Chancellor and President, University of the South Pacific, Fiji

PROFESSOR TAKATOSHI ITO

Graduate School of Economics and Graduate School of Public Policy, University of Tokyo, Japan

Dr. MURAT KARIMSAKOV

Chairman of the Executive Body of the Eurasian Economic Club of Scientists, Kazakhstan

Dr. SAMAN KELEGAMA

Executive Director, Institute of Policy Studies, Sri Lanka

PROFESSOR DEEPAK NAYYAR

Jawaharlal Nehru University (former Chief Economic Adviser to the Government of India), India

PROFESSOR REHMAN SOBHAN

Chairman, Centre for Policy Dialogue, Bangladesh

Dr. CHALONGPHOB SUSSANGKARN

Distinguished Fellow, Thailand Development Research Institute, Thailand

PROFESSOR YU YONGDING

Chinese Academy of Social Sciences, China

Editors

Chief Editor

Dr. Aynul Hasan

Director, Macroeconomic Policy and Development Division

Editorial statement

The *Asia-Pacific Development Journal* is published twice a year by the Economic and Social Commission for Asia and the Pacific.

Its primary objective is to provide a medium for the exchange of knowledge, experience, ideas, information and data on all aspects of economic and social development in the Asian and Pacific region. The emphasis of the *Journal* is on the publication of empirically based, policy-oriented articles in the areas of poverty alleviation, emerging social issues and managing globalization.

Original articles analysing issues and problems relevant to the region from the above perspective are welcomed for publication in the *Journal*. The articles should have a strong emphasis on the policy implications flowing from the analysis. Analytical book reviews will also be considered for publication.

Manuscripts should be sent to:

Chief Editor
Asia-Pacific Development Journal
Macroeconomic Policy and Development Division
ESCAP, United Nations Building
Rajadamnern Nok Avenue
Bangkok 10200
Thailand
Fax: 66 2 288-3007 or 66 2 288-1000
E-mail: escap-mpdd@un.org

ASIA-PACIFIC DEVELOPMENT JOURNAL
Vol. 21, No. 2, December 2014

CONTENTS

	<i>Page</i>
<i>Naoyuki Yoshino and Farhad Taghizadeh-Hesary</i>	Analytical framework on credit risks for financing small and medium-sized enterprises in Asia 1
<i>Neetu Choudhary and Abhijit Ghosh</i>	Indo-Nepal economic cooperation: a subregional perspective 23
<i>Kala Seetharam Sridhar and A.Venugopala Reddy</i>	Contribution of the urban poor: evidence from Chennai, India 53
<i>Deeptha Wijerathna, Jayatilleke S. Bandara, Christine Smith and Athula Naranpanawa</i>	Regional disparities in Sri Lanka: an empirical analysis 77
<i>Stephen Pratt</i>	The challenge of betel nut consumption to economic development: a case of Honiara, Solomon Islands 103

Explanatory notes

References to dollars (\$) are to United States dollars, unless otherwise stated.

References to “tons” are to metric tons, unless otherwise specified.

A solidus (/) between dates (e.g. 1980/81) indicates a financial year, a crop year or an academic year.

Use of a hyphen between dates (e.g. 1980-1985) indicates the full period involved, including the beginning and end years.

The following symbols have been used in the tables throughout the journal:

Two dots (..) indicate that data are not available or are not separately reported.

An em-dash (—) indicates that the amount is nil or negligible.

A hyphen (-) indicates that the item is not applicable.

A point (.) is used to indicate decimals.

A space is used to distinguish thousands and millions.

Totals may not add precisely because of rounding.

The designations employed and the presentation of the material in this publication do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

Where the designation “country or area” appears, it covers countries, territories, cities or areas.

Bibliographical and other references have, wherever possible, been verified. The United Nations bears no responsibility for the availability or functioning of URLs belonging to outside entities.

The opinions, figures and estimates set forth in this publication are the responsibility of the authors and should not necessarily be considered as reflecting the views or carrying the endorsement of the United Nations. Mention of firm names and commercial products does not imply the endorsement of the United Nations.