

CHAPTER 8

BUSINESS ECONOMICS

Doctoral Theses

01. AHUJA (Rashmi)
Essays on International Trade, Foreign Direct Investment and Income Inequality in Developing Economies.
Supervisor : Dr. Ananya Ghosh Dastidar
Th 23263

*Abstract
(Verified)*

The distributional consequences of increasing international trade and foreign capital inflows have become a growing concern in developing economies. The broad objective of this thesis is to examine a variety of dimensions of impact of international trade and foreign capital inflows on income inequality in developing economies. It consists of five independent essays on international trade, foreign direct investment and income inequality in developing economies. The first four essays develop well specified general equilibrium models while the last essay uses advanced econometric model to achieve our objectives. In the first essay, we developed a modified framework by introducing the assumption of unlimited supply of unskilled labor into the standard Jones (1971) model. This framework is then used to explore three different issues. The first issue is associated with the impact of sequencing of external reforms w.r.t trade and foreign capital inflows on inequality while the second issue deals with the impact of sectoral allocation of foreign capital inflows on inequality. The third issue related to the impact of FDI in commodity production and FDI in education sector. The last essay examines the impact of trade composition on income inequality in developing economies. Our findings from the theoretical model suggest that increasing foreign capital inflows leads to increase in skilled-unskilled wage inequality while trade liberalization decreases wage inequality. It also suggests that foreign capital inflows into the low-skilled sector decrease the skilled-unskilled wage inequality and increase in employment of unskilled labor. In addition, FDI in education sector would help in achieving dual objectives of decreasing skilled-unskilled wage inequality and increasing skill formation. Our findings from the empirical model suggest that there exists significant impact of trade composition in terms of goods vis a vis services trade on income inequality in developing economies.

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02. BHARDWAJ (Parul)
Impact of Monetary Policy : Macro and Firm-Level Evidence From India.
 Supervisors : Prof. Suresh Chand Aggarwal and Prof. B N Goldar
Th 23784

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03. GUPTA (Amisha)
Internationalization of Indian Enterprises : A Study of Indian Pharmaceutical Industry.
 Supervisors :Prof. V K Kaul and Dr. A G Dastidar
Th 23267

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04. KAJLEEN KAUR
Evaluation of Monetary Policy in India : Interest Rate Responsiveness.
 Supervisors: Prof. Rashmi Agrawal and Dr. Ananya Ghosh Dastidar
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*Abstract
 (Not Verified)*

The study helps us to build a deep insight into the contemporary monetary policy issues in India. This dissertation comprises of three empirical sections relating monetary policy: the interest rate responsiveness of monetary policy; monetary policy impact on output; and monetary policy impact on inflation especially during crisis situation. For each empirical section, a common methodology, viz., Autoregressive Distributed Lag (ARDL) model for cointegration has been used. The first section (Chapter 3) focusses on monetary policy feedback rule where the interest rate responsiveness to its objectives is tested. The study used a broad open economy Taylor rule incorporating besides the main objectives of output gap and inflation gap, fiscal deficit to GDP ratio and foreign exchange rate premium for a more comprehensive analysis of policy responsiveness. The results suggest, the focus of the monetary policy has been mainly to increase and stabilize the growth rate of the economy. In the second section (Chapter 4), the interest rate channel to monetary policy transmission is explored. It opens up the possibility where the output and interest rate may not be inversely related (as expected on the basis of standard IS/LM model), and provide evidence to an 'interest rate puzzle'. The study finds support to the presence of interest rate puzzle, implying the possibility of influence of some other real or financial factors dominating the output/growth of the economy. The third section (Chapter 5) studies the monetary policy effectiveness to control inflation during global financial crisis. It analyses in detail the theoretical paradigms relating causes of inflation and finds the most suitable cause of inflation in India. We find evidence of 'Fiscalist pattern' of inflation in India in the post- global financial crisis. The study finds monetary policy is effective in controlling inflation in general, but the effectiveness reduces during the crisis period.

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 Supervisor : Prof. Suresh Chand Aggarwal
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Finance and Firm Dynamics : Cross Country Evidence.
 Supervisor: Prof. V K Kaul and Dr. Dibyendu Maiti
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07. SHUKLA (Saumya)
Economics of Green Buildings in India with Special Reference to LEEDs Guidelines.
 Supervisors: Prof. Rashmi Agrawal and Dr. Purnamita Dasgupta
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