

CHAPTER 13

ECONOMICS

Doctoral Theses

01. CHAUDHARY(Indu)
Issues in The Informal Credit Market.
Supervisors :Prof. Ram Singh and Prof. J. V. Meenakshi
Th 23366

Abstract
(Not Verified)

In this thesis, we examine a particular form of informal credit institution known as Rotating Saving Credit Association, popularly called 'ROSCA', in which a group of individuals comes together to borrow and invest funds. The major objective of the study is to develop an analytical framework for determining the returns from participation in rosca. Specifically, we provide a criterion for classifying members as borrowers or savers, and to examine returns in rosca. We provide a scientific criterion for determine the cost of borrowing for the borrower and rate of return for investors in rosca. We analyze the interplay between the bids and the rates of return. Moreover, we develop a model of bidding in rosca. The theory predicts that bids increase with degree of competition and risk aversion. Impatience also leads to higher bids. On the other hand, bids decrease with the number of passive bidders. The reserve price also puts a downward pressure on bids. Besides, the model predicts bids to follow a fluctuating but declining trend over the rosca cycle. Finally, we undertake empirical estimation of predictions flowing from the analytical framework. The empirical analysis is based on data collected from a primary survey with extensive coverage of two villages from UT of Delhi and a field experiment on risk and time preferences of rosca participants. The empirical analysis corroborates the predictions of the theoretical model. Rosca returns vary significantly across borrowers and savers. Interestingly, bids increase with denomination and duration of rosca. The study offers various insights.

Contents

1. Introduction and review of literature 2. A model of bidding in rosca 3. Returns from rosca 4. An empirical investigation of bidding behaviour and returns from rosca. Summary and Conclusion. Bibliography.

02. DHINGRA (Sunaina)
Essays in The Economics of Nutrition and Education of Children in India.
Supervisors :Prof. J. V. Meenakshi and Dr. Deepti Goel
Th 23367

Contents

1. Introduction 2. A decomposition analysis of the change in nutritional outcomes of girls between 1922/93 and 2005/06 in rural India 3. Is there catch - up in child undernutrition? Evidence from three states in eastern India 4. Mothers' agency and gender bias in investments in adolescent education in rural India.

03. JAIN (Neha)
Issues in Economics of Public Procurement.
 Supervisors :Prof. Ram Singh and T. C. A. Anant
Th 23363

Abstract
(Not Verified)

We provide a unified framework of project life cycle: planning, designing and construction, along with adaptation cost, monitoring and cost overruns, and derive complementarities across various stages and effect of project and buyer specific factors on project costs. We show that expected project costs are super-modular in these efforts. We also show that initial planning has important efficiency implication even under symmetric information and in competitive markets as found by empirical literature. We also provide conditions under which buyer chooses to start with less complex projects, followed by more challenging ventures. In the second major essay, we use the above framework to explain the dynamics behind 'Adaptation Costs (AC)' and 'Cost Overruns (COs)'. We formally show that they are higher for more complex, construction projects but fall with degree of completeness of initial design, buyer's learning, initial planning, better organization and ex-post monitoring effort. We also show non-linear relationship between percentage cost overrun and complexity of the project as found by empirical studies. In the third major essay, we consider incomplete contract framework (Grossman-Hart-Moore 1986, 1990). We analyze different types of widely used contracts- bundling and unbundling; in-house and outsourcing; and cost sharing, item rate/unit price and fixed price contracts, and derive their conditional ranking under different real world circumstances. We also analyze the trade-off between rigid and flexible contracts. We show that better incentives to agents may not benefit buyer and may increase overall project cost. Also we show that greater ex-post appropriation of surplus by the buyer may not be bad for investment incentives of the agents. Procurement by government is shown to be better than privatization on efficiency grounds.

Contents

1. Introduction 2. Complementarities in procurement projects 3. Cost overruns in procurement projects 4. Procurement contracts and equilibria 5. Concluding remark.

04. KAPUR (Hema)
Macroeconomic Modelling and Stress Testing for India.
 Supervisor: Prof. Pami Dua
Th 23741

Contents

1. Introduction 2. Macroeconomic modelling: A review 3. A Structural macroeconometric model (SMEMO for India) 4. Macro stress testing (MST) and resilience assessment of Indian banking 5. Application of smem to mst of Indian banking and comparison of it with vecm 6. Macro stress testing of Indian bank group 7. Conclusions and policy implications. Bibliography.

05. SINGHA (Chandan)
Adoption and Valuation of Soil Conservation Measures: an Analysis of the Teesta Watershed Programme.
 Supervisors :Prof. J. V. Meenakshi and Prof. M. N. Murty
Th 23368

Contents

1. Introduction 2. Soil conservation in a watershed: Institutional alternatives 3. Marginal value of sub-watershed treatment on profit and labour demand 4. Analysing adoption of soil conservation measures by farmers 5. Casual impact of adoption of soil conservation measures on farm profit, revenue and variable cost 6. Main findings and policy implications. References.

06. SURI (Ritu)

Exchange Rate Volatility in India: Issues and Analysis

Supervisors :Prof.PamiDua and Prof. Aditya Bhattacharjea

Th 23365

Abstract
(Not Verified)

This study seeks to investigate the issues related to exchange rate volatility in India. The study analyses three major issues in this regard. The first issue deals with the effectiveness of RBI intervention in foreign exchange market. For this purpose, we utilize simultaneous equations framework to take into account the interdependence between exchange rate returns, conditional volatility of exchange rate and RBI intervention. Furthermore, we control for the impact of macro-economic variables and micro-structure variable on exchange rate. Data on monthly frequency is utilized to estimate the model using GMM-IV approach. The second issue examines the interlinkages between four major Indian exchange rate markets, viz. USD-INR, EUR-INR, GBP-INR and JPY-INR exchange rate markets in terms of causality-in-mean (return spillovers) and causality-in-variance (volatility spillovers). Additionally, this issue attempts to analyze the impact of RBI intervention on returns, variances and correlations between these four exchange rate markets. The study uses weekly data to estimate VAR-MGARCH-BEKK model. The third issue attempts to analyze the effect of exchange rate volatility on India's bilateral export growth. Additionally, the study examines the effect of exchange rate volatility on growth in India's exports to developed and developing countries. For this purpose, the study utilizes quarterly data and panel GMM-IV technique to estimate a hybrid model where both demand and supply side determinants of export growth are considered as explanatory variables.

Contents

1. Introduction 2. Exchange rate and central bank intervention in India: An Empirical Analysis 3. Inter – linkages between usd – inr, gbp-inr and jpy-inr exchange rates and the impact of central bank intervention 4. Impact of exchange rate volatility on India's bi-lateral e export growth –a panel study 5. Conclusions. Bibliography.