

CHAPTER 14

ECONOMICS

Doctoral Theses

01. CHAKRABORTY (Swapan)
Some Issues in Labour Market Institutions, Labour Regulation and Economic Growth.
Supervisors : Dr. Mausumi Das and K. L. Krishna
Th 24293

Contents

1. Introduction 2. Pressure group, labour market regulation and economic growth 3. Optimal distribution of public expenditure: growth versus worker's welfare 4. Labour market regulation and its impact on employment: A study of organized manufacturing sector across Indian states 5. Conclusion of the overall thesis. Bibliography.

02. GOEL (Deepika)
Inflation in India : Modelling and Policies
Supervisors : Prof. Pami Dua and Prof. K. L. Krishna
Th 24119

Abstract (Not Verified)

The study investigates the issues that concern the behaviour of inflation in India. This involves modelling, forecasting and inflation persistence. It analyses these issues by using monthly data from April 1996 to June 2016. In this context, the study examines four issues as given below. The first issue examines drivers of overall inflation and its component food inflation, modelling both Wholesale Price Index (WPI) and Consumer Price Index for Industrial Worker (CPI-IW) and their respective component food inflation. The results suggest that inflation in India is explained by both demand and supply factors with a significant role being played by inflation expectations. The second issue analyses determinants of inflation in India by using Factor Augmented VAR (FAVAR) approach. The results suggest that a larger information set brings out the differences between different measures of inflation and the factors that affect them. The third issue forecasts WPI and CPI-IW measures of inflation for India based on ARIMA/ARIMA-GARCH model, co integrating VAR (VECM) and FAVAR models. Models are estimated using monthly data covering the period 1996:04 to 2016:06 and forecasts are then generated for the period 2016:07 to 2018:01. Findings suggest that FAVAR emerges as the best multivariate model in terms of forecast accuracy measures and tests of statistical significance. Finally, the fourth issue measures inflation persistence in India using monthly data on aggregate and disaggregate WPI and CPI-IW inflation from 1996:4 to 2016:06. Results suggest that persistence is high in the economy with WPI exhibiting intermediate memory. WPI exhibits time variation with respect to both domestic as well as global fuel shocks and is observed to be significant since the global financial crisis of 2008. On the other hand CPI –IW inflation exhibits significant time variation with respect to global food shocks around the same time.

Contents

1. Introduction 2. Determinants of inflation in India 3. Inflation modelling a data rich environment: A Favara study of India's inflation 4. Forecasting inflation in India 5. Inflation persistence in India 6. Conclusions and policy implications. Bibliography.

03. GUPTA (Apoorva)

Education, Social Network and Intergenerational Mobility in India.

Supervisors : Prof. Ashwini Deshpande

Th 24117

Abstract
(Not Verified)

The thesis seeks to analyse three core issues surrounding educational and occupational outcomes of individuals in India. The first essay of this thesis examines the effect of social networks on occupational outcomes of individuals, through a primary survey. We measure social networks by the actual network size and quality of respondents. Our results show that better the network quality higher is the likelihood of a respondent getting employed in professional jobs. The second issue of the thesis analyses gender bias in education attainment within households, which might be one of the explanations accounting for gender gaps in education. In this issue we study Resource Concentration Hypothesis. We analyze differences in four education indicators: enrolment, dropout and educational attainment, quality of education and education expenditure, across children in all-girls families and mixed (with both boys and girls) families. Our results show that for enrolment, dropout and educational attainment, there is no significant difference between girls in all-girls families and girls in mixed families. However, for quality of education and education expenditure, girls in all-girls families are better off than girls in mixed families, indicating the working of resource concentration hypothesis. The third issue studies intergenerational mobility (IGM), and answers three key questions: what is the measure of intergenerational persistence in terms of three outcome variables: education, occupation and income, and how it changes overtime; what is the probability that sons will experience IGM (upward/downward); and how far sons have moved away from their fathers. Our results show that over time, there is upward intergenerational education mobility, and gaps in this mobility have reduced across all social groups. However, such patterns are not visible in intergenerational occupation or income mobility, implying that educational advantages enjoyed by the son's generation do not translate into occupational or income advantages.

Contents

1. Introduction 2. Getting help from friends: Social networks and labour market outcomes 3. Gender bias in education in India: Are girls without brothers better off? 4. Intergenerational mobility in India: A comparative analysis of social group 5. Conclusion. Bibliography.

04. GUPTA (Vishruti)

Essays in Industrial Organization.

Supervisors : Prof. Abhijit Banerji and Prof. Uday Bhanu Sinha

Th 24121

Abstract
(Not Verified)

Chapter 1: Transport Costs and Demand Clusters: Market Structure and Efficiency Chapter 1 analyzes a location model in which demand is clustered rather than smoothly distributed,

the locations of the plants or firms are fixed, and transport from firms to the demand clusters is costly. It constructs equilibria under monopoly ownership of two plants, and a duopoly. It makes welfare comparisons with the social planner's outcome. It finds that under any parameter configuration in which a duopoly is socially efficient, so is monopoly. However, there are parameter configurations under which duopoly and monopoly are inefficient: we analyze the reasons for these inefficiencies. Chapter 2: A Sequential Location Game with Unknown Market Distribution Chapter 2 analyzes a sequential entry for firms locating on a Hotelling line, with initially incomplete information about consumer preferences. The firms can learn consumer preferences by paying a market research cost. We obtain conditions under which it is an equilibrium for Firm 1 to learn consumer preferences and signal this to subsequent firms through its choice of location. The subsequent firms then locate according to complete information game with a known distribution. Chapter 3: Closure Rules in Auctions: An Experiment Chapter 3 is an experimental study on auction formats with different closing rules. There are four formats: Second Price Sealed Bid Auction (SPSBA), First Price Sealed Bid Auction (FPSBA), First Price Ascending Auction with hard close (FPAA) and, Amazon Auction with soft close. We compare the efficiency and revenues generated across auction formats using (i) existing models of optimal bidding for risk averse bidders and (ii) a new model of sniping to explain bids in the FPAA.

Contents

1. Market structure 2. A sequential location game 3. Closure rules in auctions: An experiment. Appendices and references.

05. RAUSHAN KUMAR

Price Discovery, Hedging and Forecasting Models of some Agricultural Commodity Market in India.

Supervisor : Prof. Sunil Kanwar

Th 24120

Abstract (Not Verified)

With the onset of wide-ranging economic reforms in India in 1991, agents have been exposed to increased price risk in commodity markets. Futures markets are one important instrument for reducing price risk. There are two important social benefits of futures markets – price discovery, and hedging. In this thesis we investigate the price discovery, hedging and forecasting of some commodity markets in India, for the period 2009-2014. The first empirical part examines the price discovery role of agricultural commodity futures markets. We employ partial linear (semiparametric) Granger causality tests to explain the lead-lag relationship. Employing daily price data for nine crops, we find strong causation running from futures to spot prices. The second empirical part evaluates the hedging effectiveness of agricultural commodity futures market. This chapter also examines the significance of volatility spillovers and the asymmetric impact of shocks on the conditional variance of returns in the agricultural commodity futures and spot markets. The estimation results indicate that the hedging effectiveness of futures market is high in agricultural commodities, however, there is a wide variation across the crops. By definition, futures markets will perform its economic role of price discovery and hedging only when they are efficient. One of the most significant features of efficient markets is that it is impossible to make above average profits from futures markets. Finally, therefore, the third empirical part examines whether futures prices can be forecast in the Indian wheat market, with a view to discovering whether the wheat futures market in India is efficient. Employing several alternative model specifications, we find that the futures price of wheat cannot be forecast, and wheat futures market is efficient. Our results lead us to opine, that provision of information on futures price to Indian agriculturists would make for greater efficiency in their decision-making.

Contents

1. A broad overview 2. Price discovery in some agricultural commodity market in India 3. Analyzing volatility spill overs, asymmetries and hedging in some agricultural commodity markets in India 4. Predicting wheat futures prices in India 5. Main Finding and policy implications. Glossary. Bibliography.

06. SHARMA (Shalley)

Parental Background, Occupational Choice and Intergenerational Transmission of Resources : A Growth Theoretic Analysis.

Supervisor : Dr. Mausumi Das

Th 24118

Abstract
(Not Verified)

This thesis presents three models based on the standard two period overlapping generations model to understand human and physical capital accumulation and the underlying occupational choice decisions. The papers in this thesis help delineate and identify the multiple ways in which parents play an important role in determining occupational choice decisions. Parents can transfer resources in the form of direct bequest which can be used by the child to add to consumption and savings possibilities. They can also make an indirect transfer towards child's future occupation by funding either education or set up costs for business. A second channel where parental role becomes important is in the transmission of parental human capital both in the form of occupational lineage as well as cognitive aspects such as ability. The first theoretical work entitled, 'Education or Wealth? Nature of Parental Transfers: A Macro-theoretic Analysis' looks at the evolution of a representative agent when there is intergenerational transmission of both wealth and human capital. A key aspect of our model is the trade-off between efforts and savings. The second theoretical model in this thesis, 'Distribution of Ability, Income and Optimal Portfolio Choice by Parents: A Dynamic Analysis' examines occupation investment decisions by parents taking into account the child's ability, parental income and static expectations regarding occupational returns. In this model, human capital requires advanced education and training and can only be undertaken by high ability individuals. Parental human capital transfer can also be about a transfer of informal knowledge, habits and attitudes which are difficult to quantify. Chapter 4, entitled 'Occupational Choice, Endogenous Business Cycles and Growth' explores the role of parental occupation on child's occupation specifically in the context of entrepreneurship. This aspect is explored in using the standard varieties based models of imperfect competition

Contents

1. Introduction and review of literature 2. Education or wealth? Nature of parental transfers: A Macro-theoretic analysis 3. Distribution of ability, income and optimal portfolio choice by parents: A dynamic analysis 4. Occupational choice, endogenous business and growth 5. Conclusions 6. References.