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RESERVE BANK OF INDIA

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The Reserve Bank of India today releases [Volume-39 of its Occasional Papers](#). RBI Occasional Papers is a research journal of the Reserve Bank and contains contributions from its staff and reflects the views of the authors. This issue contains five articles and two book reviews.

Articles

1. [Agricultural Loan Waiver: A Case Study of Tamil Nadu's Scheme](#)

This paper by Deepa S. Raj and Edwin Prabu A. examines the impact and implications of Tamil Nadu's agricultural loan waiver scheme of 2016, based on data collected through a field survey of seven districts of the state as well as farm loan transactions data obtained from select primary agricultural co-operative credit societies. The empirical findings of the paper suggest that in the immediate post-waiver period, near the cut off acreage of 5 acres, the probability of obtaining credit was higher for non-beneficiary farmers than for beneficiary farmers. However, the difference in post-waiver access to credit to the beneficiary farmer and the non-beneficiary farmer comes down as the supply of funds for agricultural loans normalises.

2. [Does Fiscal Policy Matter for Growth? Evidence from Emerging Market Economies](#)

In the wake of greater fiscal activism advocated globally to revive economies after the 2008 financial crisis, Indranil Bhattacharyya and Atri Mukherjee examine the efficacy of fiscal policy in stimulating economic growth of 20 major Emerging Market Economies. Their findings indicate the ineffectiveness of expansionary fiscal policy in stimulating economic growth. Controlling for financial factors that caused the growth slump and truncating the sample in terms of pre- and post-crisis years, the impact of fiscal stimulus turns out to be positive and statistically significant in the latter period. These findings suggest that the observed slump in growth in the post-crisis period would have been much sharper in the absence of stimulus, implying that fiscal activism pursued by these EMEs was successful in arresting the downside of growth.

3. [Operating Performance of Initial Public Offering \(IPO\) Firms after Issue in India: A Revisit](#)

Avdesh Kumar Shukla and Tara Shankar Shaw make an assessment of the changes in operating performance of the Indian firms after their initial public offerings (IPOs). The paper finds that there is no deterioration in the operating performance of firms post IPOs, if a performance indicator such as 'profit' is normalised by sales volumes (*i.e.*, return on sales) rather than assets (*i.e.*, return on assets). Unlike a distinct decline in return on assets post IPOs reported in similar other studies, this paper finds a stable return on sales.

4. Financial Outreach and Growth in India: Interactions at the Sub-national Level

In this paper by Sunil Kumar, Prabhat Kumar, Arvind Shrivastava, Amarendra Acharya and Dipak Chaudhari attempts to analyse the relationship between financial outreach and economic growth at the sub-national level in India over the period 1996–2015. The banking outreach index, computed across states, depicts improving trends but with widening divergence at the sub-national level. Further, the paper finds a positive and significant impact of financial outreach on per capita income growth.

5. States' Social Sector Spending and Sustainable Development Goals

This paper by Khajiamang Mate, Kaushiki Singh, Bichitrananda Seth, Indrani Manna, Neeraj Kumar, Prayag Singh Rawat and Sangita Misra focuses on the various facets related to the role of social sector spending in improving developmental outcomes. The paper compares India's spending on social sector with select countries and reviews trends in states' social sector expenditure and sustainable development goals (SDGs) outcomes, in particular, education and health, while drilling down into spatial distribution patterns. Analytical findings support the important role of education and health expenditures in improving primary enrolments and in reducing infant mortality rates. Spending through certain centrally sponsored schemes has also been productive in improving the SDG outcomes, particularly in the current decade. The paper also provides evidence towards convergence and catch up across states, which augurs well for sustainable growth.

Book Reviews

Apart from the above five articles, this issue of Occasional Papers also contains two book reviews:

1. Vimal Kishore reviews "[Monetary Policy and Crude Oil](#)" written by Basil Oberholzer. The book provides some interesting empirical evidence on the oil market and the interconnections between oil market, economic stability and ecological stability. It also analyses the role of the US monetary policy in global crude oil market.
2. S. Chinnghaihan reviews "[FDI in India: History, Policy and the Asian Perspective](#)" written by Manoj Pant and Deepika Srivastava. The book traces the evolution and historical overview of FDI in India to its development efforts in the 2000s. It provides empirical evidence to dispel the fears that FDI and entry of foreign firms may lead to reduction in employment opportunities through their focus on capital-intensive techniques. Experience of four Asian economies analysed in the book provides important lessons to make FDI policy more effective in attaining the desired objectives.