



Malaviya National Institute of Technology Jaipur

**Department of Humanities and social sciences**

**Research in Progress**

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Title

**Income Convergence in Emerging Market Economies: An Empirical Examination**

# Theoretical Framework

- Theory of growth in economics, through the convergence hypothesis, examines whether poor countries are catching up with the income level of rich countries or not.
- Many studies (Ramsey, 1928), (Solow, 1956), and (Cass and Koopmans, 1965) have proved that countries are converging towards the steady state of the output, (beyond which an economy can not grow) showing the sign of convergence.

# Research Questions

1. What are the implications of the convergence hypothesis for economic growth of EMEs?
2. How can the convergence hypothesis be employed to identify the factors for accelerating economic growth of EMEs?

# Research objectives

1

- To understand the growth process of EMEs in the post-reform period from 2000 to 2020

2

- To test whether EMEs are showing the sign of income convergence during the study period

3

- To study the impact of major structural breaks, Global Financial Crisis-08 and COVID- 19, on the convergence process of EMEs

4

- To suggest policy framework, helping in the identification of the macroeconomic factors that can lead to higher growth rate for low income EMEs and can help them catch-up with the income level of high income EMEs

# Hypothesis

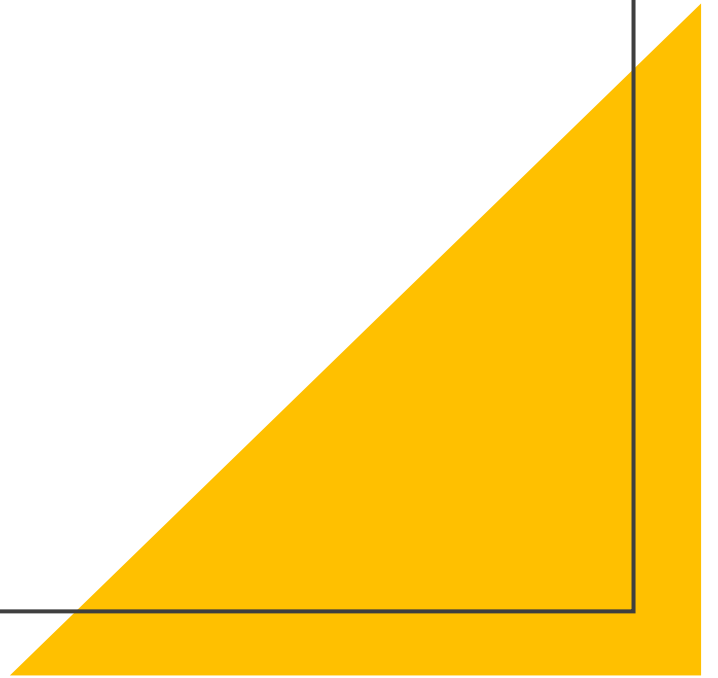
- $H_0$ : There exists no significant evidence of income convergence among *Emerging Market Economies* during the study period.

# Research Gap

- ❑ In the changing global environment where EMEs are poised to play a great role, this study fills the gap by empirically examining the validity of the convergence hypothesis for the Emerging Market Economies from 2000 to 2020.
- ❑ The period under analysis is crucial in understanding the implications of convergence hypothesis during the post-reforms period for EMEs.
- ❑ This gives a closer view about the growth process of these economies for the study period and helps in learning from the experiences of these EMEs.
- ❑ Further, the study would focus on the macroeconomic factors that have been instrumental in economic growth (or lack of it) of the EMEs.

# Data and Methodology:

- Sample
- Data
- Time period
- Tools and techniques





# Sample:

The sample includes 19 major EME's, categorised by IMF (Bems, Caselli, Grigoli, Gruss, & Lian, 2018) .

**Asian**

China, India, Indonesia, Malaysia, Philippines, Thailand.

**Latin American**

Argentina, Brazil, Colombia, Mexico, Peru, Chile

**Central and Eastern European**

Bulgaria, Poland, Romania, Hungary

**Eurasian**

Turkey, Russia

**African**

South Africa

# Data:

## Secondary data will be used for the following variable:

### World Bank open data source

- Per capita GDP (constant 2010 US\$)
- Gross fixed capital formation (% of GDP)
- Current account balance (US\$)
- Employment to population ratio
- Domestic credit provided by financial sector (% of GDP)
- Inflation GDP deflator (annual%)
- Research and development (% of GDP)

### United Nations

- Education index
- Health index

# Tools and Techniques

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Cross sectional regression analysis

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Panel regression analysis

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Descriptive & Inferential Statistics

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Unit root test

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Factor analysis



# Relevance of the study

Emerging market economies are said to be the future of the world economic system. The proposed study examines the convergence process of these future economies, giving a closer view about the growth process of these economies for the study period and the lessons learnt from their experiences. Moreover, the study helps in the identification of macroeconomic factors that help low income EMEs to have a higher growth rate and catch up the high income EMEs.

# Publications from Present Work

- **Sharma P., Sharma N., (2020).** An Examination of Per Capita Income in Emerging Market Economies. *Global Journal of Emerging Market Economies*. (Accepted)
- **Sharma P., Sharma N., (2020).** Emerging Market Economies and the Global Crises: How have they behaved? *Global Development Review* (Under Review)
- **Sharma P., Sharma N., (2020).** Impact of Covid-19 on the Economic Performance of Emerging Market Economies. (*Manuscript*)

# Paper Presented in International/National Conferences

- **Sharma P., Sharma N., (2020)** Impact of Changing Global Environment on Emerging Market Economies: A Review. International Conference on prospectus and challenges faced by industries in a changing environment-2020 at Poornima University, Jaipur, 14th - 16th February 2020.
- **Sharma P., Jamwal A., Sharma N. & Aggarwal R., (2020).** Opportunities and issues with clean renewable energy development in India: A review. 2nd International Conference on future learning aspects of Mechanical Engineering, Amity University, Noida, 5th - 7th August 2020.
- **Sharma P., Sharma N., & Jamwal A., (2020).** Challenges in the adoption of sustainable/Clean sources of Energy in India: A review. National Conference on Sustainable Development Goals at National Institute of Technology, Jaipur, 10th –11th September.
- **Sharma P., Sharma N., (2020).** Convergence in Emerging Market Economies. 13th Doctoral Thesis. IBS Hyderabad, India, 8th – 9th October 2020.



# Learnings During Research

Rigorous coursework training

Constant guidance of supervisor

Reading

Peer learning

Patience

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## Selecting an appropriate journal

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- Specific to the domain
- Interdisciplinary journal
- Quality of the journal i.e. impact factor, Indexing
- Suggestions from the supervisor
- Target reputed conferences which offer good journal publications of some interesting entries



# Challenges While Publishing Article



To offer the novelty in the article



To identify critical research gap and address them properly



Language

# References

- ❑ Bems, R., Caselli, F., Grigoli, F., Gruss, B., & Lian, W. (2018). Is Inflation Domestic or Global? Evidence from Emerging Markets. In *IMF Working Papers* (Vol. 18, Issue 241). <https://doi.org/10.5089/9781484381595.001>
- ❑ Sraders A. (2020, February 11). What Are Emerging Markets? Characteristics and List. The Street. Retrieved from <https://www.thestreet.com/markets/emerging-markets/what-are-emerging-markets-14819803>
- ❑ Cubeddu, M. L. M., Culiuc, M. A., Fayad, M. G., Gao, Y., Kochhar, M. K., Kyobe, A., ... & Zhang, Z. (2014). *Emerging markets in transition: Growth prospects and challenges* (No. 14-16). International Monetary Fund.
- ❑ Lagarde, C. (2016, February 4). The Role of Emerging Markets in a New Global Partnership for Growth by IMF Managing Director Christine Lagarde. *International Monetary Fund*.  
<https://www.imf.org/en/News/Articles/2015/09/28/04/53/sp020416>
- ❑ Fondo Monetario Internacional. (2015). World Economic Outlook, October 2015: Adjusting to Lower Commodity Prices.



Thank you