ABSTRACT

In this thesis, an attempt has been made to test the Barro proposition in the Indian context using two methods. First among these is the conventional two-step procedure proposed by Barro. We then move on to the interpretation of the Barro proposition in a Cointegrating VAR framework. The results obtained using both methods suggest that in the Indian context, *Anticipated money* affects output significantly, whereas no such robust conclusions can be drawn as regards the *Unanticipated* component of money.