

CET Syllabus of Record



Program: UW in India - Delhi

Course Code / Title: (DE/ECON 330) Development Economics in the World's Largest Democracy

Total Hours: 45

Recommended Credits: 3

Primary Discipline / Suggested Cross Listings: Economics / Business, Development Studies, International Business

Language of Instruction: English

Prerequisites/Requirements: None, though prior coursework in micro- and macroeconomics is recommended.

Description

This course explores the foundations of development policy in India, especially in the context of the changing nature of the economy as it moves from agriculture to manufacturing and from manufacturing to services and beyond. In addition, rapid advances in technology, and the use of automation, have added another dimension to the nature of consequences, not just to the economy but also to society at large. Consequently, it has an impact on the nature of policy responses required. The shifts indicated through this period of transition point towards greater collaboration – across actors, private and public, as well as across institutions, old and new. The distribution of specific roles and the manner of interaction between the different institutions of the economy, polity and society are thus questions that have assumed importance in India today. The goal is to spell out various policy options and the processes through which they are made, including the use of quantitative and qualitative data and the role of institutions in determining them.

Topics covered include the different facets of poverty and human development: inequality, employment, education, nutrition and health, and the informal and formal norms and institutions that determine policy related to them. Gender and other forms of social inequality run through these topics. The importance of mixed methods, i.e., combining quantitative data with qualitative /ethnographic material is highlighted. For each topic, we study concrete examples chosen from different parts of India. In the final segment, we discuss the challenges faced by development policy, especially the constraints placed by corruption and the lack of transparency and accountability in institutions, ending with the role of social mobilization and the importance of participatory democratic institutions in evolving effective and sustainable policies.

Objectives

Through their participation in this course, students acquire:

- A strong foundation in development policy in India, and an understanding of the roles of the many actors involved in the Indian economy.
- An ability to pull together the different societal facets that are involved in development studies, including but not limited to education, nutrition and health, gender, caste, and class.
- Fluency in the various policy options and processes through which development policies are implemented.

CET Syllabus of Record

Course Requirements

To create an effective learning environment for all students, please be punctual and refrain from cell phone use, or any other behavior that might be disruptive to fellow students and the professor. Classroom discussions must be respectful to fellow students and to differing points of view.

Attendance is mandatory, and since the course material is covered largely through lectures, absences affect the student's academic performance. Also, lecture slides or notes are not provided after class, in order to promote students' actively taking their own.

Methods of Evaluation

Student performance is graded on the following criteria:

Class Participation.....	20%
Reading Responses.....	20%
Weekly Tests.....	30%
Final Presentation.....	30%

Class participation is graded on a scale of 0-3, with 0 signifying absence; 1 – poor participation or none; 2 – average and 3 – good.

Primary Texts

Aiyar, Yamini, Ambrish Dongre, Avani Kapur, Anit N. Mukherjee, and T.R. Raghunandan. 2014. "Rules vs Responsiveness: Towards building an outcome focused approach to governing elementary education finances in India." Accountability Initiative, Centre for Policy Research.

Banerjee, Abhijit and Rohini Somanathan. 2007. "Political Economy of Public Goods: Some Evidence from India." <https://economics.mit.edu/files/525>.

Baviskar, Amita. 2010. "Widening the right to information in India: is knowledge power?" in *Citizen Action and National Policy Reform: Making Change Happen*, edited by Gaventa Gavin and Rosemary McGee. London: Zed Books.

Baviskar, Amita. 2011. "What the Eye does not See: The Yamuna in the Imagination of Delhi", *Economic and Political Weekly*, December 10, Vol. 66 No.50

Bhatty, Kiran. 1998. "Educational Deprivation in India: A Survey of Field Investigations." *Economic and Political Weekly* 33. nos. 27 & 28 (July).

Blomkvist, Hans. 2002. "Social Capital, Civil Society and Degrees of Democracy in India" in *Civil Society and Democracy*, edited by Carolyn M Elliot. Delhi: Oxford University Press.

CET Syllabus of Record

- Bowles, Samuel and Herbert Gintis. 2002. "The inheritance of Inequality." *Journal of Economic Perspectives* 16 (3): 3-30.
- Deaton, A and J.P. Dreze. 2002. "Poverty and Inequality in India: A re-examination." *Economic and Political Weekly of India* (September 17).
- Dreze, Jean and Amartya Sen. 1996. "Introduction" in *Economic Development and Social Opportunity*. Oxford University Press.
- Dreze, Jean. 2007. *Sense and Solidarity – Jholawala Economics for Everyone*. Orient Blackswan Pvt. Ltd.
- Evans, Peter et al. 1996. *World Development*. Volume 24, Issue 6, June 1996.
- Fields, Gary. 1989. "Changes in Poverty and Inequality in the Developing Countries." *World Bank Research Observer* 4(2): 167-185.
- Goetz, Anne-Marie and Rob Jenkins. 2001. "Hybrid forms of Accountability: Citizen engagement in institutions of public sector oversight in India." *Journal of Public Management Review* 3, No. 3.
- Jenkins, Rob and Anne Marie Goetz. 1999. "'Accounts and Accountability': theoretical implications of the right-to-information movement in India", *Third World Quarterly*, Vol. 20, No. 3: 603-622.
- Jenkins, Rob. 2001. "Mistaking "Governance" for "Politics": Foreign Aid, Democracy and the Construction of Civil Society" in *Civil Society, History and Possibilities*, edited by Sudipta Kaviraj and Sunil Khilnani. Cambridge University Press.
- Joshi, Anuradha. 2004. *Institutions and Service Delivery in Asia*. Sussex: IDS.
- Kapur, Devesh, PB. Mehta, and Milan Vaishnav. 2017. "Introduction" in *Rethinking Public Institutions in India*. Oxford University Press.
- Kaviraj, Sudipta and Sunil Khilnani. 2001. "Introduction" in *Civil Society: History and Possibilities*. Cambridge University Press.
- Lipsky, Michael. 1980. *Street Level Bureaucracy: Dilemmas of individuals in public services*. New York: Russell Sage Foundatio.
- Mehta, Aasha Kapur and Amita Shah. 2003. "Chronic Poverty in India: Incidence, Causes and Policies." *World Development* 31, no. 3.

CET Syllabus of Record

- Menon, Manju and Kanchi Kohli. 2015. "Environmental Regulation in India; Going 'Forward' in the Old Direction. *Economic and Political Weekly*. December 12, Vol. L No. 50.
- Minow, Martha. 2003. "Public and Private Partnerships: Accounting for the new religion", *Harvard Law Review* Vol. 116 No. 5.
- Ramachandran, V, Kamlesh Jandhyala and Aarti Saihjee. 2003. "Through the life cycle of Children: Factors that facilitate/impede successful primary school completion." *Economic and Political Weekly* Vol 38 Issue 47.
- Rao, Sujatha. 2017. "Do we Care? India's Health Systems." Oxford University Press India.
- Ravallion, Martin. 2006. "A Comparative Perspective on Poverty Reduction in Brazil, China and India." World Bank Policy Research Working Paper 5080.
- Right to Food Campaign. 2014. "Right to Food Campaign." <http://www.righttofoodcampaign.in/>.
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http://www.undp.org/content/dam/india/docs/estimating_informal_employment_poverty_india.pdf
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- Srivastava, Prachi. 2010. "Public-private partnerships or privatization? Questioning the state's role in education in India," *Development in Practice*, Vol. 20. Number 4-5.
- Vashist, Pankaj. 2017. *Destruction or Polarization: Estimating the Impact of Technology on Manufacturing Jobs*. New Delhi: Indian Council for Research on International Economic Relations.
- Visaria, Pravin. 1998. "Unemployment among youth in India: level, nature and policy implications." International Labour Organization. http://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_120233.pdf

Supplementary Texts

Internet resources

Outline of Course Content

CET Syllabus of Record

Students cover approximately 1 topic per class meeting.

Topic 1 - Inequality

Economic inequalities arise during the initial phase of economic growth, especially during a transition from agricultural to industrial development. But as wages rise with industrialization, the benefits, which include an increase in wage rates, are believed to trickle down, reducing inequality. Has this model worked in the Indian context? Why? How do social inequalities intersect with economic inequalities? Why are rising inequalities considered one of the major challenges in the world today?

Topic 2 - Poverty

Poverty has traditionally been measured in income terms by economists and hence considered uni-dimensional. It has also been theorized, therefore, that raising income levels lifts the population out of poverty. However, more recent research has shown that even with higher levels of income, the quality of life of the population may still not change. Hence, it is important to look at the multidimensional nature of poverty to understand the impact on development as a whole. Further, in India, despite its being one of the fastest growing economies in the world, even income poverty continues to be a significant issue. The questions that will be addressed are: What are the measures of poverty used by the government? What are the causes of poverty and what is the role of the state in tackling the many dimensions of poverty?

Topic 3 - Food Security and Health

Poor nutrition leads to poor health and low productivity. Low productivity leads to unemployment and low incomes. Low income leads to poor nutrition. We will examine this theoretical model through the literature on food security and health in India, focusing on the following sets of issues: i) the debates around calorie intake; ii) the links with cognitive development, productivity and employments; iii) the distributional aspects of food related to social groups (caste and community) and iv) the role of the state in ensuring food security and basic health. For concrete examples of how these issues have played out in India, we will examine the performance of some states that have performed well and some that have not.

Topic 4 - Education: Current Status and Links with Poverty

Education plays a critical role in enhancing productivity in the economy. It is also associated with improvements in health, nutrition, gender parity and democratic functioning. Despite recognizing these benefits and despite rapid advances in the economy, the Indian record on education, even at the elementary level, remains abysmal. Why are the levels of education so low? What are the links between poverty and school choice and between poverty and the quality of education? Do poor parents care about education and can they afford it? What role can private education play?

Topic 5 - Impact of Technology on the Changing Structure of the Economy and Employment

In purely economic terms, there is both a short- and a long-term impact on the distribution of income in an economy when a new technology is introduced that raises the productivity of labour. In the short run, there are sectors that will be adversely affected as technology displaces certain jobs. But in the long run, it is believed to create new ones. In the Indian context, what sectors of the

CET Syllabus of Record

organized economy are being impacted the most by the influx of technological innovations? What response mechanisms can be discerned from both the public and the private sectors to these changes and what are the cognitive shifts that these changes engender? There is a recognized need for new skills to match the changing nature of employment being generated. At the same time, the poor quality of education has begun to put brakes on the employability of the large numbers being added to the workforce every year. These are some of the questions that will be addressed. There is also an impact on the structure of social relations, as well as on the state of urbanization brought about by the rapid influx of technology. Depending on the level of interest, we could touch upon issues such as: How is Indian society responding to this? And what are the implications for its overall development?

Topic 6 - Employment – Unorganized Sector, Labour Rights, Unions, and Women’s Participation in the Labour Force

Unemployment is considered a market failure. It means that there are people willing to work at the current market wage but cannot find a willing employer. Job destruction is a constant feature of capitalist economies, in which technological changes tend to raise productivity and put some workers out of their jobs. But a well-functioning economy will also feature high levels of investment that ensure that jobs are created at least as fast as they are destroyed, and also that those skills are generated that match the new jobs being created. India is at the cusp of structural transitions in the economy, as it moves from agriculture to manufacturing and from manufacturing to services and beyond. It is also an economy with a large informal sector that does not follow the same rules of wages and employment that the organized, formal sector does. In addition, the rapid advance in technology and the use of automation has added another dimension to the nature of changes in the labour market. What are the ways in which the Indian case differs from that of a well-functioning economy, as described above? What, therefore, is the differentiated response required in the Indian case, to deal with the transitions taking place? What do the current trends show? These are some of the questions that this module will address, especially issues of women’s participation in the labour force, the casualization of labour, the informal labour market, role of unions and how public policy is poised to address these issues.

Topic 7 - Environment

In addition to poverty, inequality and unemployment, there is now a growing need to address environment and climate changes concerns as well, as they have an impact on sustaining growth and development. In particular, urban environment issues have come to acquire a central place in policies across the cities of the world. In India, Delhi in particular has been in the news for some of the worst air pollution conditions the world over. This module will examine some issues related to urban environments and the policy challenges they face.

Topic 8 - Role of Public Institutions

Despite the strides India has made in these domains, its public institutions have not undergone a commensurate transformation. Indeed, India’s multiple transformations are increasingly buffeted by strong headwinds of deep institutional malaise. The integrity and responsiveness of the Indian state to the multiple challenges facing the country—ranging from its rapid urbanization to low agriculture productivity, from security threats to weak human capital, and from widespread

CET Syllabus of Record

corruption to environmental degradation—will fundamentally determine India's future. What are the institutional foundations of the Indian state and the organizational and institutional context in which it operates? The central question that will be addressed is: how can a more capable Indian state be built, that is suited to the unique challenges of the twenty-first century?

Topic 9 - Role of Civil Society

The role of civil society is first and foremost as a check on the power of the state and other powerful interests in society from influencing the agenda of economic growth and development. Increasingly, though, it has widened to play a more direct role in the provision of goods and services as well, through non-governmental actors. This module will look at the more prominent elements within civil society in India, including some of the social movements and the influence they have had in shaping policy.

Topic 10 - The Private – Public Divide

The provision of public goods and services are no longer the exclusive domain of the public sector. What is the impact on the quality of provision and on access to marginalized social groups? How can the challenges that emerge from these shifts be managed?

Topic 11 - State Capacity

The term *state capacity* has been used in the social sciences with multiple interpretations and meanings. In economics it commonly refers to the capacity of the state to raise revenues to provide public services. In this module we will take a broader definition of state capacity to include state institutions involved in the delivery of public service as well. In particular, the focus will be on the frontline bureaucracy and its human and physical capacity in addition to the financial or fiscal.

Topic 12 - Challenges to Development Policy

The failure of the state to control rent-seeking and corruption and enforce accountability leads to resources not reaching intended beneficiaries and a failure of development policy. At the same time, public sector institutions, which are responsible for monitoring government performance, are not normally open to citizen participation. This has led to widespread dissatisfaction among citizens regarding the states ability to exercise self-restraining functions effectively, and a growing interest amongst citizens to inform, monitor, or participate directly in the workings of these oversight institutions. How has the state responded to this malaise? In particular the experience of the Right to Information movement, subsequent legislature (Right to Information Act) and the processes of accountability spawned from these developments (such as community monitoring and social audit processes) will be examined in this module, as they provide a good example of the manner in which transparency and accountability has been experimented with through citizen state interaction.