

**University of California, San Diego**

**Econ 164: The Indian Economy (Winter 2017)**

Class time: Tue/Thu: 2:00 – 3:20pm, Ledden Auditorium

Instructor: Prof. Karthik Muralidharan

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Office: Economics 315

Office Hours: Fridays 2:00 – 3:00pm (+ lunches to be scheduled)

**Course description:** India is home to over 1.3 billion people and over a sixth of the world's population. It is also a nation of contradictions – being one of the fastest growing large economies in the world and home to the largest number of poor people in the world at the same time. It is also increasingly a country that matters for the rest of the world – both as a producer and as a consumer of private goods and services as well as global public goods (including security, disease control, and mitigating climate change). Thus, India matters both intrinsically and for the world, and there is growing interest in understanding it better.

This (new) course aims to provide an introduction to the Indian Economy and some of the key policy challenges and choices for the country. This is an upper division economics course, and so each topic will feature theoretical and empirical economic research to better understand the relevant issues and evidence. Ten weeks is a short time and so the course will be broad rather than deep, but I will be happy to suggest additional readings on specific topics of interest to students.

**Readings:** There are two required textbooks for the course and two highly recommended ones:

The required textbooks are:

Panagariya, Arvind, *India: The Emerging Giant*, Oxford University Press, 2008.

Dreze, Jean, and Amartya Sen: *An Uncertain Glory: India and its Contradictions*; Oxford University Press, 2013.

Both books cover many common sets of issues but have different perspectives on the relative importance of the market and state in ensuring broad-based economic development, with Panagariya taking a more market-led view and Dreze & Sen taking a more state-led one.

Two highly recommended additional books are:

Gurcharan Das, *India Unbound*

Ramachandra Guha, *India After Gandhi: The History of the World's Largest Democracy*)

The first one provides a more discursive and personally-informed (but still quite analytical) narrative about the post-independence history of the Indian economy, and selected topics from

colonial India. The second one does the same for the post-independence political history. Both are very easy to read and are highly recommended. **I will also assign additional readings for specific topics as we go along.**

### **Assignments and Grading:**

**Assignments:** There will be 4 problem sets which comprise of a combination of quantitative problems and short answers based on the readings and slides.

These will be handed out at the end of week 2, 4, 6, and 8 and due at the start of weeks 4, 6, 8, and 10. This way you will have two weekends to work on each problem set. Problem sets are due at the START of lecture on the due dates. Answers will be posted on the course website soon after the due dates and **late problem sets will not be accepted**. Problem sets will only be lightly graded, and mostly on the basis of completion (1 point for each fully attempted question). You can work in groups, but each student must turn in their own problem set written up individually. Problem sets will not be corrected, but detailed answers will be posted shortly after they are due.

**Grading:** Your grade will be determined on the basis of problem set completion (50%), and a final exam (50%). The problem sets will provide you a sense of type of questions I will put on the exam, and I will post practice questions and problems in advance to help you study for the final.

The assignments and due dates are below:

	<b>Date assignment will be posted</b>	<b>Due in class at the start of lecture on</b>
Problem Set 1	20 Jan	31 Jan
Problem Set 2	3 Feb	14 Feb
Problem Set 3	17 Feb	28 Feb
Problem Set 4	3 March	14 March

The **Final Exam** is scheduled for Thursday, 23 March from 3:00 – 6:00pm and will be cumulative of the full class. Most of the materials on the final will be based on lectures and problem sets, and I will highlight the specific parts of the readings that you will be responsible for the exam.

**Review Sessions and TAs:** The TA for this course is Arushi Kaushik (arkaushi@ucsd.edu). The TA will hold office hours and conduct review sessions (which are *highly* recommended). The TA will handle the grading, and is here to help you learn and attending sections/office hours with questions is one of the best ways to reinforce the materials that you may be seeing for the first time in class. TA office hours and review session hours will be posted on the course website.

**Website:** Please check the course web site regularly. The web site will have problem sets and answers, the slides for each class, and all relevant information about the class. The website will also have any additional readings that are not on the list below that will be designated as required, recommended, or optional. You will be responsible for all readings designated as “required”.

## COURSE OUTLINE (By Week)

- |           |                                      |
|-----------|--------------------------------------|
| Week 1:   | Overview and Key Concepts            |
| Week 2:   | Economic and Political History       |
| Week 3:   | Public Finance and Macro Topics      |
| Week 4:   | Trade and Market Integration         |
| Week 5-6: | Agriculture, Manufacturing, Services |
| Week 7:   | Education                            |
| Week 8:   | Gender and Health                    |
| Week 9:   | Poverty and Inequality               |
| Week 10:  | State Capacity                       |

### **Readings:**

**This is the reading list at the start of the course. More will be added as we go along.**

#### **Week 1:**

[http://www.business-standard.com/article/opinion/karthik-muralidharan-india-39-s-states-can-be-laboratories-for-policy-innovation-and-reform-111121100033\\_1.html](http://www.business-standard.com/article/opinion/karthik-muralidharan-india-39-s-states-can-be-laboratories-for-policy-innovation-and-reform-111121100033_1.html)

[http://www.ideasforindia.in/article.aspx?article\\_id=1486](http://www.ideasforindia.in/article.aspx?article_id=1486)

[Read the transcript and/or see the videos]

#### **Week 2:**

Required: *Emerging Giant* – Chapters 1-6

Required: *Uncertain Glory* – Chapters 2-3

This is a lot of material, and so it is enough to skim these during Week 2; we will go back to specific sections when we cover the sectors later in the course

Recommended: *India Unbound*

#### **Week 3:**

Required: *Emerging Giant* – Chapters 9-11; 15

#### **Week 4:**

Required: *Emerging Giant* – Chapters 6; 12

#### **Week 5-6:**

Required: *Emerging Giant* – Chapters 13; 14

**Week 7:**

Required: *Uncertain Glory* – Chapter 5

Required: *Emerging Giant* – Chapter 20

Required: Muralidharan, Karthik: Priorities for Primary Education Policy in India's 12<sup>th</sup> Five Year Plan; Available at: <http://bit.ly/1rqwkbE>

**Week 8:**

Required: *Uncertain Glory* – Chapter 6

Required: *Emerging Giant* – Chapter 19

**Week 9:**

Required: *Uncertain Glory* – Chapters 7 and 8

Required: *Emerging Giant* – Chapters 7 and 8

**Week 10:**

To be added

**FINAL EXAMINATION (Thursday, 23 March, 3:00 – 6:00pm)**