

The Economics of India

ECON-3650

Spring 2024

Monday and Wednesday, 5:00 pm - 6:15 pm at Monroe Hall 122

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Office Hours: Friday 10:00 am to 12:00 pm via zoom; here is the link:

<https://virginia.zoom.us/my/prof.shukla>

Overview of the course:

This course aims to provide an understanding of India's economic system, strengths, and challenges. After briefly surveying India's economic history, geography, and demographics, students will analyze economic reforms, economic Growth, economic development, and India's connection with the rest of the world, focusing on trade, aid, and economic cooperation. Finally, the course will provide students with a framework for analyzing macroeconomic problems and examining significant economic issues, focusing on what is needed to resolve those issues.

Prerequisites:

Principles of Microeconomics and Macroeconomics (ECON 2010 and ECON 2020) are prerequisites for the course. In addition, intermediate Microeconomics and Macroeconomics (ECON 3010 and ECON 3020) would be helpful. The course will cover international trade, development economics, labor, and public finance concepts, but no prior knowledge of these areas will be essential.

Structure of the course:

The course will meet twice on Monday and Wednesday, 5:00 pm - 6:15 pm at Monroe Hall 122, and will be a combination of lecture and discussion, with participation encouraged.

Course Materials

Recommended Books:

1. A Concise Handbook of the Indian Economy in the 21st Century, by Ashima Goyal, 2nd Edition
2. Indian Economy: Performance and Policies, by Uma Kapila 17th Edition
3. Indian Economy, by Ramesh Singh, 15th edition
4. Breaking the Mould : Reimagining India's Economic Future by Rajan G Raghuram and, Rohit Lamba

Additional readings: Assigned readings can be found at www.worldbank.org , www.imf.org and online.

Online access: Ensure that you have access to the course website on Canvas using your UVA ID. Course announcements, assignments, and instructor slides will be posted on the course Canvas site. Note that instructor slides will be made available on Canvas before each class.

Students are expected to complete the reading from the book and assigned articles before each class. The assigned reading for each class is given in the schedule below. The chapters listed in the schedule are from the course textbook.

Class Requirements and Grade Determination:

Your grade consists of an individual (50%) and a teamwork component (50%). The grade distribution is as follows-

Assessment	Percentage
Individual Work	50%
Exam -1	10 %
Exam -2	10 %
Exam -3	10%
Class Participation	20 %
Group Work	50%
Article Analysis and Presentations	20%
Final research Project and Presentation	30%
1. Presentation - 10%	
2. Research Paper - 20%	
Total	100%

Your final grade will be the weighted point-based average of the above components, translated into a letter grade based on the table shown below.

Point-based letter grade:

- A = 90 – 100 points
- B+ = 86 – 89.99 points
- B = 80 – 85.99 points
- C+ = 76 - 79.99 points
- C = 70 – 75.99 points
- D = 61 – 69.99 points
- F <=60.99 points

Individual Work: Class participation, Exam -1, Exam -2, and Exam-3 counts toward the individual component of the grade as described below –

Class Participation

Participation, Attentiveness, Attendance, and Behavior in class: The grade for this component is determined based on your participation (quality and quantity) in class discussion, in-class

assignments, your attentiveness in class (are you participating in class discussion by sharing thoughtful comments and insights, responding to instructor's questions, etc.), attendance at lectures, arrival and departure times (late arrival or early departure negatively affect your grade), and your behavior in class. An integral part of the grade is evidence of careful preparation by taking a major role in pointing out new issues and new points of view in class discussions. Note that I take attendance in each class.

Exam-1: Exam-1 will take place on the date provided in the schedule. The list of chapters that you will be tested on is also provided in the schedule.

Exam-2: Exam-2 will take place on the date provided in the schedule. The list of chapters that you will be tested on is also provided in the schedule.

Exam-3: Exam-3 will take place on the date provided in the schedule. The list of chapters that you will be tested on is also provided in the schedule.

Group Work: Students form groups (Five students per group) within the first two weeks of the semester, as noted in the schedule. All group work listed below is done with the same group members throughout the semester. Article Analysis and Presentation of the assigned reading and a final research project consisting of two components - a research paper and a presentation, count toward the group component of the grade.

Article Analysis and Presentations

There are three Article Analysis and Presentation assignments in this course. Each group will be assigned three articles. Using the group # assigned to your group, check the schedule for the assigned articles for your group #. For the articles assigned to your group #, you will need to prepare a presentation and present in class. The detail of the assignment is available in CANVAS.

Final Research

Project

For the final project, each group will be assigned one of the research topics from the list of available topics. The instructor assigns a topic for the final research project to each group based on their choice list and the availability of the topic. As noted in the schedule, since the topic allocation is on a first-come-first-served basis, one student from each group should email the top three topic choices for their group from the topics list. As noted in the schedule, this is done toward the beginning of the semester. Once the instructor finalizes the group#-topic allocations, they will be posted on Canvas under Modules. Each group will write a research paper for their assigned topic and present it to the class.

Presentation - The purpose of the presentation is twofold - (1) to allow each group to share their research on the assigned topic with the class, and (2) to allow the instructor to assess group progress (and provide feedback) on the research topic; this is to ensure that each group is on

track for their final research paper, which is normally due a few days after the presentation (check the schedule for the due date for the research paper).

Each group should prepare a 10-minute presentation on their assigned topic. Your presentation should include the topic and the questions as given in the topic list, your analysis of the problem or task at hand, possible solutions (if the question is asking for a solution), or description (if your topic requires a description based on research), your justification for choosing a particular solution or business implications. The text on each slide in your presentation must be at least a minimum font size of 24. For on-campus classes, please bring a hard copy of your slides (no more than two slides per page) and give them to the instructor before your presentation. Please avoid dark backgrounds on your slides to save ink! You must submit your presentation through Canvas (Assignments) half an hour before class begins on the day of your scheduled presentation.

Research Paper - In addition to the group presentation, each student group will write a research paper on their assigned topic. This serves as the final exam for the course. One submission per group is required, and it should be submitted via Canvas. Please check the schedule for the submission due date. No hard copies are needed. Your paper should not be more than 2500 words (excluding the bibliography); please use Times New Roman, font size 12, double-spaced. Please submit your assignment as a word document (not as a pdf or any other format). In addition to the material discussed in class and the material from the textbook, you may want to use outside sources to develop your arguments for the paper. You must cite the sources in your paper and include the corresponding reference in the References or Bibliography section of your paper. You can include a maximum of six exhibits (i.e., graphs, charts, data tables, etc.) to support your analysis. When you use exhibits, please label them, refer to them, and explain them in the text.

If you are unsure about how to write a research paper, please refer to the following website, which has a wealth of information on these topics –

<http://owl.english.purdue.edu/owl/section/2/9/>

The following questions should give you a sense of what I look for when grading your paper:

- Does the introduction section briefly describe the purpose, importance, and plan of the research paper?
- Is the thesis clearly stated in the introduction?
- Is the paper well organized; in other words, is the main point of each paragraph easily understood?
- If applicable, does the paper provide a historical perspective on the problem?
- Does the paper provide a complete and accurate discussion of the topic using examples from reliable sources such as scholarly books, peer-reviewed publications, or government publications, etc.?
- Does it demonstrate critical thinking when evaluating ideas?
- Does the paper offer supporting evidence to make a strong case for arguments being made?
- Are the conclusions explained and backed by reasons?
- Do the sentences flow in a logical order?
- Are in-text citations appropriately used to credit all material from other sources?

- Are all citations listed?
- Are the citations appropriately distributed among popular literature, peer-reviewed journals, textbooks, and other sources?
- Are the sentences clear, free of spelling and grammatical errors?

Tentative schedule:

Weeks	Dates		Required Reading	Additional Tasks
Week-1	1/17/2024	Wednesday	Class Introduction and Syllabus	(i) Students need to form their groups (four students per group) and pick a topic for the final research project. (ii) Each student group should select their top three choices from the list of given topics. (iii) One student from each group should email the following to the instructor: (a) names and email addresses of all members in their group, and (b) the top three topic choices. You MUST include your course name and section number in the subject line. The topic assignment is on a first-come-first-served basis, so email the instructor as soon as possible, but the latest by the end of day, January 24th.
Week-2	1/22/2024	Monday	Part I: Introduction to Indian Economics 1. Overview of Indian Economy 1.1 Historical Perspective 1.2 Economic Reforms and Liberalization	
	1/24/2024	Wednesday	1.3 Major Economic Indicators 1.4 Challenges and Opportunities	
Week-3	1/29/2024	Monday	2. Economic Policy and Planning in India 2.1 Five-Year Plans: Evolution and Objectives 2.2 Economic Policy Framework	Each student must check the Group-Topic allocations file posted on Canvas for their assigned topic and group # and ensure that they are listed in the correct group. Contact instructor promptly if you see an issue with the allocation, or you are not included in any group.

	1/31/2024	Wednesday	2. Economic Policy and Planning in India 2.3 Role of Government in Economic Development 2.4 Public Sector vs. Private Sector Assigned Reading – <i>Chhibber, A. (2022). Economic Planning in India: Did We Throw the Baby Out with the Bathwater? Indian Public Policy Review, 3(3 (May-Jun)), 01-19.</i>	Group-1 will present their presentation on the assigned reading article.
Week-4	2/5/2024	Monday	Part II: Macroeconomic Analysis 3. Fiscal Policy and Budgetary Process 3.1 Government Revenue and Expenditure 3.2 Fiscal Deficits and Public Debt Assigned Reading – <i>Devi, M., & Sarma, A. (2020). Revisiting the Sustainability of India's Fiscal Deficit. The Indian Economic Journal, 68(4), 496–514.</i>	Group-2 will present their presentation on the assigned reading article.
	2/7/2024	Wednesday	3.3 Taxation System in India 3.4 Subsidies and Transfers Assigned Reading – <i>Kapoor, S., & Singh, A. (2023). Development of Indian Tax System: Pre and Post-Colonial Influences. FIIB Business Review, 0(0).</i>	Group-3 will present their presentation on the assigned reading article.
Week-5	2/12/2024	Monday	4. Monetary Policy and Central Banking 4.1 Reserve Bank of India (RBI) and Its Functions 4.2 Monetary Policy Tools and Objectives Assigned Reading – <i>Sharma, D. (2016). Nexus between financial inclusion and economic growth: Evidence from the emerging Indian economy. Journal of financial economic policy, 8(1), 13-36.</i>	Group-4 will present their presentation on the assigned reading article.
	2/14/2024	Wednesday	4.3 Inflation Targeting in India 4.4 Banking Sector and Financial Inclusion Assigned Reading –	Group-5 will present their presentation on the assigned reading article.

			Mohan, R., & Ray, P. (2019). Indian monetary policy in the time of inflation targeting and demonetization. Asian Economic Policy Review, 14(1), 67-92.	
Week-6	2/19/2024	Monday	5. Economic Growth 5.1 Factors Affecting Economic Growth in India 5.2 Role of Investment and Capital Formation Assigned Reading – Asher, S., & Novosad, P. (2017). Politics and local economic growth: Evidence from India. American Economic Journal: Applied Economics, 9(1), 229-273.	Group-6 will present their presentation on the assigned reading article.
	2/21/2024	Wednesday	5.3 Human Capital Development and Economic Growth 5.4 Technological Progress and Innovation Assigned Reading – Erumban, A., & Das, D. K. (2016). Information and Communication Technology and Economic Growth in India. Telecommunications Policy, 40(5), 412-431.	Group-1 will present their presentation on the assigned reading article.
Week-7	2/26/2024	Monday	6. Balance of Payments and International Trade 6.1 India's Trade Policies and Agreements 6.2 Foreign Exchange Reserves 6.3 Current Account and Capital Account 6.4 Foreign Direct Investment (FDI) in India Assigned Reading – Shekhar, S., Jena, N., & Seth, N. (2022). FOREIGN DIRECT INVESTMENT (FDI) IN INDIA AND ITS IMPACT ON ECONOMIC DEVELOPMENT: AN EMPIRICAL ASSESSMENT. Academy of Marketing Studies Journal, 26, 1-8.	Group-2 will present their presentation on the assigned reading article.
	2/28/2024	Wednesday	Exam-1(Ch1-6)	
Week-8	3/4/2024	Monday	Spring Recesses	

	3/6/2024	Wednesday	Spring Recesses	
Week-9	3/11/2024	Monday	Part III: Sectors of the Indian Economy 7. Agriculture and Rural Economy 7.1 Agricultural Growth and Productivity 7.2 Land Reforms and Agricultural Subsidies 7.3 Rural Development Initiatives Assigned Reading – Bhattacharyya, S., Abraham, M., & D'Costa, A. (2013). Political economy of agrarian crisis and slow industrialisation in India. Social Scientist, 41(11/12), 43-63.	Group-3 will present their presentation on the assigned reading article.
	3/13/2024	Wednesday	8. Industry and Manufacturing 8.1 Industrial Policies and Economic Growth 8.2 Small and Medium Enterprises (SMEs) 8.3 Make in India Initiative Assigned Reading – Cantore, N., Clara, M., Lavopa, A., & Soare, C. (2017). Manufacturing as an engine of Growth: Which is the best fuel?. Structural Change and Economic Dynamics, 42, 56-66.	Group-4 will present their presentation on the assigned reading article.
Week-10	3/18/2024	Monday	9. Services Sector and Information Technology 9.1 Services-led Growth in India 9.2 IT and IT-enabled Services (ITES) Industry 9.3 Role of Services in Employment Generation Assigned Reading – Latha, C. M., & Shanmugam, V. (2014). Growth of service sector in India. Journal of Humanities and Social Science, 19(1), 08-12.	Group-5 will present their presentation on the assigned reading article.
	3/20/2024	Wednesday	Part IV: Socioeconomic Dimensions 10. Poverty, Inequality, and Social Welfare 10.1 Poverty Alleviation Programs 10.2 Income Inequality and Wealth Distribution 10.3 Social Safety Nets and Public Health Assigned Reading –	Group-6 will present their presentation on the assigned reading article.

			<i>Mahendra Dev, S. (2018). Inequality, employment and public policy. The Indian Journal of Labour Economics, 61, 1-42.</i>	
Week-11	3/25/2024	Monday	11. Education and Human Capital Development 10.1 Education System and Challenges 10.2 Skill Development and Vocational Training 10.3 Role of Education in Economic Growth Assigned Reading – <i>Navani, M. T. (2020). Transition to HE and Equitable Learning Outcomes: Challenges for Indian Higher Education. Higher Education for the Future, 7(2),</i>	Group-1 will present their presentation on the assigned reading article.
	3/27/2024	Wednesday	12. Demographic Dividend and Labor Market 12.1 Youth Population and Demographic Transition 12.2 Employment Trends and Unemployment Issues 12.3 Labor Laws and Industrial Relations Assigned Reading – <i>Dasgupta, I., & Kar, S. (2018). The labor market in India since the 1990s. IZA World of Labor.</i>	Group-2 will present their presentation on the assigned reading article.
Week-12	4/1/2024	Monday	Exam-2(Ch7-12)	
	4/3/2024	Wednesday	Part V: Special Topics 13. Environmental Sustainability and Green Initiatives 13.1 Climate Change Challenges 13.2 Renewable Energy and Green Technologies 13.3 Environmental Policies and Regulation Assigned Reading – <i>Majid, M. A. (2020). Renewable energy for sustainable development in India: current status, future prospects, challenges, employment, and investment opportunities. Energy,</i>	Group-3 will present their presentation on the assigned reading article.

			<i>Sustainability and Society, 10(1), 1-36. opportunities. Energy Sustain Soc 10, 2 (2020).</i>	
Week-13	4/8/2024	Monday	14. Urbanization and Urban Economics 14.1 Urbanization Trends in India 14.2 Smart Cities Mission 14.3 Urban Planning and Infrastructure Development Assigned Reading – <i>Yadav, G., Mangla, S. K., Luthra, S., & Rai, D. P. (2019). Developing a sustainable smart city framework for developing economies: An Indian context. Sustainable Cities and Society, 47, 101462.</i>	Group-4 will present their presentation on the assigned reading article.
	4/10/2024	Wednesday	15. Globalization and India's Integration into the Global Economy 15.1 Trade Agreements and International Relations 15.2 India's Role in Global Value Chains 15.3 Challenges and Opportunities in Globalization Assigned Reading – <i>Joumard, I., C. Arriola and M. Dek (2020), "Challenges and opportunities of India's enhanced participation in the global economy", OECD Economics Department Working Papers, No. 1597, OECD Publishing, Paris,</i>	Group-5 will present their presentation on the assigned reading article.
Week-14	4/15/2024	Monday	Part VI: Future Prospects 16. Economic Reforms and Policy Recommendations 16.1 Addressing Economic Challenges 16.2 Enhancing Ease of Doing Business 16.3 Future Path of Indian Economy Assigned Reading – <i>India's turning point An economic agenda to spur growth and jobs, McKinsey Global Institute(August 2020)</i>	Group-6 will present their presentation on the assigned reading article.
	4/17/2024	Wednesday	Exam-3(Ch12-16)	
	4/22/2024	Monday	Group Day	

Week-15	4/24/2024	Wednesday	Final Project: Group Presentations for Groups 1,2, and 3	
Week-16	4/29/2024	Monday	Final Project: Group Presentations for Groups 4, 5 and 6	
	Final Exam 5/2/2024		Final Project: Group Research Paper due electronically	One submission per group. All groups submit their final research paper online via Canvas by 5 pm on 5/2/2024

TOPIC LIST FOR FINAL RESEARCH PROJECT

This section contains the list of topics for the final research project. Please refer to the Final Research Project section of Grading Policy for more details on this component. Instructions for group formation are available in the Course Schedule. As the final research project is a group project, group members are encouraged to brainstorm and work together on the research paper and the presentation for their assigned topic. Setting clear goals for each student can reduce group member participation issues. Each group should meet (online) and divide up the work clearly, so every member knows which deliverables he/she is responsible for.

GROUP ISSUES: Each group should address free-rider problems promptly. In other words, if one or more students in a group are not doing their part for the group assignments, other members of the group should talk to the student/s directly. If, however, the problem persists, please inform the instructor as soon as possible. Do not wait until the end of the semester to report such issues to the instructor.

TOPIC LIST

1. What are the key factors contributing to India's recent economic growth and how sustainable is this growth in the long run?
2. What is the impact of economic reforms on income inequality in India, and what policy measures can be implemented to address any disparities?
3. How has India's demographic dividend affected its economic development, and what challenges does the country face in harnessing its youthful workforce?
4. What are the main drivers behind India's foreign direct investment (FDI) inflows, and how does FDI impact various sectors of the Indian economy?
5. What role does the agricultural sector play in India's economy, and what are the potential strategies to enhance agricultural productivity and rural development?
6. How does India's trade policy affect its integration into the global economy, and what are the implications for domestic industries and employment?
7. What are the challenges and opportunities of India's digital economy, and how can the government foster innovation and technological advancement in this sector?
8. How does India's public debt level compare to other emerging economies, and what are the implications for fiscal sustainability and economic growth?

9. What is the relationship between education, human capital, and economic development in India, and how can improvements in the education system spur economic progress?
10. How do environmental regulations and sustainability initiatives impact India's economic growth and competitiveness in the global market?
11. What are the economic implications of India's changing demographic trends, including population aging and urbanization, and how can policymakers address the associated challenges?
12. How does corruption impact India's economy, and what are the potential measures to curb corruption and improve governance for sustainable economic growth?
13. What is the role of small and medium-sized enterprises (SMEs) in India's economic development, and how can their growth be fostered to enhance job creation and entrepreneurship?
14. What is the impact of India's infrastructure development, such as transportation and energy projects, on economic growth and regional disparities?
15. How does India's healthcare system affect its economy, and what are the economic consequences of investing in healthcare infrastructure and access to quality healthcare services?
16. What is the relationship between foreign remittances and India's economy, and how do remittances affect household consumption patterns and poverty levels?
17. What are the economic consequences of climate change in India, and what adaptive and mitigation strategies can be adopted to minimize its adverse effects?
18. How does financial inclusion, such as expanding access to banking and credit services, impact poverty reduction and economic growth in India?
19. What is the economic impact of India's policies on renewable energy adoption and its progress toward meeting international climate commitments?
20. What are the effects of India's international trade agreements on domestic industries and how can trade policies be optimized to boost exports and attract foreign investment?

ADDITIONAL RESOURCES

1. International Monetary Fund: www.imf.org
2. The World Bank: www.worldbank.org
3. The Library of Economics and Liberty: <https://www.econlib.org/>
4. The World Factbook published by the CIA: <https://www.cia.gov/the-world-factbook/>
5. India - OECD Data: <https://data.oecd.org/india.htm>
6. Reserve bank of India <https://www.rbi.org.in/Scripts/Statistics.aspx>
7. Department of Economic Affairs, India: <https://dea.gov.in/data-statistics>