

SAST 057 Fall 2013 Planning to be Off-Shore?

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Office Hours: Tuesdays and Thursdays, 1:30 to 2:30 p.m.

In 120 Claudia Cohen Hall

In this course we will trace the economic development of India from 1947 to the present. Independent India started out as a centrally planned economy in 1949 but in 1991 decided to reduce its public sector and allow, indeed encourage, foreign investors to come in. The Planning Commission of India still exists but has lost much of its power. Many in the U.S. complain of American jobs draining off to India, call centers in India taking care of American customer complaints, American patient histories being documented in India, etc. At the same time, the US government encourages highly trained Indians to be in the United States of America. Indian businesses have also invested in the US and Indians have donated major gifts to US universities. We will try to find out how India came to independence from the British in 1947 and then how 1991 to the present essentially followed 1949. Occasionally, we will also talk about the emergence of China as a major economic power.

Students are expected to write three one-page response papers and one final paper. A response paper should be single-spaced and at least a page long. The final paper should also be single-spaced but 10-12 pages long with a bibliography. All sources including the internet should be cited. The topic of the final paper is your choice. Usually, the topic emerges in the fourth response paper. If necessary, I shall of course help you in choosing a topic.

Final Grade Assessment: 20% on class participation

20% percent on the four response papers and

60% on the final paper.

Readings: 1. We will read two books for this course. Both are available at the Penn Book Center, 130 S. 34th Street, Philadelphia. 215-222-7610.

1. An Uncertain Glory: India and its Contradictions. Amartya Sen and Jean Dreze. Penguin. 2013

2. The Economy of Modern India. (2nd Edition) B.R. Tomlinson.

We shall also refer occasionally to Why Growth Matters: Jagdish Bhagwati. Whenever we do that, I shall give you a print-out of the necessary pages from this book. Also, try to read India Ink in the daily edition of The New York Times. If you find an article that you like there or somewhere else, please bring it to our class. You will also have access to my lecture notes.

Housekeeping and expectations: We will discuss the syllabus and my expectation and yours in our first meeting. Please go through the syllabus and ask me any question you may have next week.

**September:** Definitions of Development, Growth, Sustainable

Development, Winners & Losers, Authoritarian Government, Democracy, Globalization, and Trade: Theory of Comparative Advantage and Pareto Optimality

Reading Handed Out in Class: 1. Pp 122 to 126 in The New Oxford Companion to Economics in India. Ed. By Kaushik Basu and A. Maertens. Oxford. 2012.

**September:** India before independence: Organization of the Indian society, languages, ethnicities, religions, castes and classes, what it means to be an Indian and who the makers of modern India (Ramchandra Guha, 2011) are.

**September:** Creating a just state with just means. India in 1947 and China in 1949. Developing the idea of development. Democracy, Development, Central Planning, Federalism.

Handout:

1. Economic Development in India and Communist China. Staff Study no. 6. US Congress Subcommittee on Technical Assistance, Committee on Foreign Relations. June 2, 1956
2. Winston Churchill's Plan for Post-war India

**September:** Growth and Development in the Long Run. Pages 3 to 23 in Chapter 1 in Tomlinson's. Discuss response papers. 1 st Response Paper

due on the 17<sup>th</sup>.

**September:** Agriculture 1860 to 1950. Pages 24 to 53 in Chapter 2 in Tomlinson's. Response Papers due today.

**September:** Agriculture 1860 to 1950. Pages 53 to 76 in Chapter 2 in Tomlinson's

**September:** Trade and Manufacture 1860 to 1945. Pages 77 to 106 in Chapter 3 in Tomlinson's.

Handout: Table 1 Relative share of World Manufacturing Output, 1750 to 1900.

**September:** Trade and Manufacture 1860 to 1945. Pages 106 to 130

**October:** The State and the Economy. Pages 131 to 168 in Chapter 4 in Tomlinson's.

Handout: My notes 1966 to 84

**October:** The State and the Economy. Pages 168 to 181 in Chapter 4 in Tomlinson's.

**Second response paper is due on 8<sup>th</sup>. October.**

**October:** Breaking the Mold. Pages 182 to 229 in Chapter 5 in Tomlinson's. 2<sup>nd</sup>. Response Papers due today

Handout:

1. Recap

**October: Fall Break**

**October:** Sen and Bhagwati debate: Two ideas on Development: Is economic growth necessary and sufficient for development? Or, is government action on encouraging growth and other aspects such as education and health necessary and perhaps sufficient for development?

New India: in Sen and Dreze. Why Growth Matters: Jagdish Bahgawati.

Discuss the response papers.

**October:** The New Middle Class, Media and the Indians Abroad,  
Private Equity and Corruption

Readings on Blackboard:

1. October 16-A Plague on All Houses

Handout: 1.International Migration by Deepak Nayar.

2.International Migration from India by Devesh Kapur. Pp 411 to  
416 in The New O C 2012

October: Integrating Growth and Development. Sen and Dreze

October:. Entrepreneurs in India and Abroad.

Reading on Blackboard:

1. Outsourcing: October 18-Outsourcing

2. Family Businesses: October 18-Family Businesses

3. Innovation: October 18-Innovation

Handouts:

1. BPO: Aegis's Sandip Sen on BPO Strategies

2. Entrepreneurs in India and Abroad by Ignatius Chithelen and  
Shankar Parameshwaran. Pp 177 to 180 in The New O C 2012

October: Integrating Growth and Development. Sen and Dreze

October: No Class. Fall break.

October: India in Comparative Perspectives. Sen and Dreze

October: 2<sup>nd</sup>.response paper due today. Agriculture:

Handout:

October: Accountability and Corruption. Sen and Dreze

October: Industry & Infrastructure.

October: The Centrality of Education. Sen and Dreze

**3<sup>rd</sup>. Response paper due on 5 November.**

November: The Centrality of Education. Sen and Dreze

3<sup>rd</sup>. Response papers due today.

November: Poverty and Social Support. Sen and Dreze

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November: The Grip of Inequality. Sen and Dreze

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November: Democracy, Inequality and Public Reasoning. Sen and Dreze. **4<sup>th</sup> response paper is due on 26<sup>th</sup>. November. .**

**November:** The Need for Impatience. Sen and Dreze.

Handout: Has Gradualism Worked? Montek Singh Ahluwalia

4<sup>th</sup> Response Papers due today.

**November:** Thanksgiving Break. Start thinking about your final paper.

December: Re-cap Sen and Dreze

December: Re-cap the course: What did we learn?

10<sup>th</sup>. December: Last day of Class.

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1. Agribusiness by Ashok Gulati. Pp. 8-9.
  2. Agricultural Labor by Jeemol Unni. Pp. 9-12
  3. Agriculture Development by S. Mahendra Dev. Pp 12-17
  4. Famines by S.R. Osman & Farmers' Distress and Suicides by R. S. Deshpande. Pp. 207 to 213.
  5. Genetically Modified Crops by Ronald Herring. Pp 292 to 295
- All five in The New O C 2012

Handouts: Pp 365 to 375, 391 to 399 and 436 to 441 in The New O C 2012

1. Industrial Growth by Nagaraj.
2. Industrialization by Tirthankar Roy
3. Industry by Isher Judge Ahluwalia
4. Infrastructure by Sebastian Morris
5. Land Acquisition & Industry by N.C. Saxena

1 st November: Retail and Foreign Direct Investment

Reading on Blackboard: November 1-Retail-Dinodia. A Report on Retail Industry by Pankaj Dinodia.

Handout: Articles by Nagesh Kumar and Arvind Virmani

Pp 259 to 263 in The New O C 2012

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6 th November: Third response paper due today. Poverty and Inequality:

“I sometimes wonder whether there is any way of making poverty terribly infectious. If that were to be happen, its general elimination would be, I am certain, remarkably rapid. (Amartya Sen)

Readings on Blackboard:

1. Arjun Sengupta's articles Human Rights & Extreme Poverty and India's Common People in Economic and Political Weekly (have to give you a paper copy)

2. November 6-The Poor in India

8 th November: India's Informal Economy

Handout:

1. Informal Labor by Ajit K. Ghose. Pp 388 to 391 in The New O C 2012
2. Employment Guarantee Scheme by Raghav Gaiha. Pp. 163 to 166, ibid.
3. Employment Trends by Amitava Bose: Pp 169-173, ibid

13 th November: Food, Nutrition and Public Health

Handouts:

1. Food and Nutrition by Jean Dreze. Pp 246 to 250 in The New O C 2012
2. Food Procurement Policy by Shikha Jha. Pp 250 to 254 in ibid
3. Food Security by C. Rangarajan. Pp 254 to 259 in ibid
4. Public Distribution System by Bharat Ramaswamy. Pp 567-571 in ibid
5. Public Goods by Abhijit Banerjee, Pp 571-573 in ibid
6. Public Health by Monica Dasgupta. Pp 573-578 in ibid
7. Health Indicators by Indrani Gupta. Pp. 325-331 in ibid
8. HIV-AIDS by Bhargavi Rao, et.al. 338-342 in ibid.

15 th November: Literacy and Beyond

Handout:

1. Literacy by Sandip Kapur and Mamta Murthy, Pp 458 to 462
2. Primary Education by Anjini Kochar. Pp. 559-563
3. Secondary Education by Geeta Kingdon. Pp. 612-616
4. Higher Education by D. Kapur and P.B. Mehta. Pp 331 to 335
5. Higher Ed: Regulation & Control by B. Debroy Pp 335 to 338
6. Doctoral Education by Arkadev Chatterjea. Pp. 144-150
7. Academic Research by Arkadev Chatterjea & Satya P. Moulik, Pp 1 to 7. All 7 articles in The New O C 2012

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20 th November: 4 th response paper due today. Micro-finance. Question: Why does microfinance succeed and why does it fail? (Compare with the 2008 financial breakdown) Handouts

Readings on Blackboard:

1. November 20-Microfinance1

2. November 20-Microfinance2

22 nd . November: Thanksgiving Break

27 th November: Services Led Growth: Call Centers, Clinical Trials, Outsourcing law, Research Partnerships, Software, Diamonds, Spices, Nuclear Energy and what else?

1. Call Centers by Nirvikar Singh. Pp 56-57 in The New O C 2012

2. Softwares by N.R. Narayana Murthy Pp 645 to 649 ibid

3. Services-led Growth by Rupa Chandra. Pp. 624-632 ibid

29 th November: Scientific research, Technology diffusion and Technology transfer

Handout:

1. Scientific Research by C.N. Rao. Pp. 610 to 612

2. Technology Diffusion by Kaivan Munshi Pp 689 to 691

3. Technology Transfer by Arindam Banik & Pradip Bhaumik , Pp 691 to 695

4. All three in The New O C 2012

4 th December: Start thinking about the final paper.

Changes in the Indian Economy from 1950 to 2012 and Beyond:

Blackboard:

1. December 4-K. Basu's Savings

2. December 4-Savers and Spenders

3. November29-Inclusive Growth

Handouts:

1. Chapter 12, The Economic History of India by T. Roy, Oxford

2. Energy by R. K. Pachauri and Deepti Mahajan. Pp 173-177 Low-carbon Growth and Development by Nicholas Stern, et.al. Pp 310 to 317, both in The New O C 2012

3. Why India Can't Grow at 7 Per Cent a year or More by Dani Rodrik & A. Subramanian

6 th December: Final paper due. Discussion on International Trade Vs. Domestic Demand, Renewing old ties and Forging new.

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**Annotations**