

Indian Institute of Technology Kharagpur

Department of Humanities and Social Sciences

Indian Economy

Course code: HS30085

Audience: 6th Semester Breadth, 5-Year Integrated MSc Economics

Semester: Autumn

Credit: 3-0-0-4

Facilitator: Gourishankar S Hiremath

Associate Facilitators: Hari Krishnan K.S.

Institute prescribed Prerequisites: None

Additional prerequisites: A more profound interest in political economy; an aptitude towards critical thinking and attitude of plurality.

Desirable: Macroeconomics – II / Advanced Macroeconomics. Familiarity with the narrative learning technique, general interest in literature, politics, society, gender, film, media, and economic policy issues.

Flux Pedagogy

This course follows a flux pedagogy.

Objectives and learning outcomes of the course

This breadth course offers a broad structure of critical aspects and policy dilemmas of the Indian economy. The course aims to trace the dichotomous development of India since colonial rule to the economic reforms. The course also critically analyses contemporary issues in the Indian economy. Another objective of this course is to sensitize the students to the importance of historical analysis, socio-psychological insights, political system, and their interaction with the economic forces. After completing the course, the students are expected to gain rich analytical insights into the Indian economy, cultivate critical and independent thinking to analyze development issues confronting the global south, and develop a strong sense of potential research areas.

Pedagogy.

This course does not follow a dogmatic mainstream framework. Rather it adopts a heterodox analytical approach firmly grounded in historical analysis and critical evaluation of development issues. The course is delivered through a holistic pedagogy consisting primarily of case discussion, presentations, and lectures*. The course stresses two-way communication of learning, and hence onus placed on participants is more than the instructor is. The course emphasizes <u>flip classroom learning</u> in which learning will happen off the classroom, and sessions will provide an environment to discuss the knowledge gained outside the classroom. Massive importance is given to the students' preparation, participation, and assignments. The

majority of the learning is through the research papers, cases, and popular media articles supplemented by lectures. The role of the facilitator is to provide a learning environment.

The principles of inclusiveness and diversity are inherent in the course.

Literature

The required reading, including cases for each module, is given in the following pages. Some readings will be made available as the course progress.

Flexibility

The modules and contents are designed, keeping the current pandemic and uncertain times without compromising the rigor. The changes will be made as we progress and incorporate the suggestions based on the students' feedback. All modules may or may not be covered. Alternative modules are also prepared.

The flexibility in the curriculum is consistent with the flux pedagogy. Students' comfort during the pandemic is the primary importance. This course empathizes with the socio, psycho and economic life of the students and educators. Hence, we follow a radically humanistic approach.

Module 1 Analytical Framework

Learning objective	Introduce the students to the philosophy of
	macroeconomics, various analytical frameworks, and
	historical experiences
Topics to be covered	Approaches to the analysis of Indian economy: Dualism
	(Classical), Economic nationalism and the theoretical case
	for state-sponsored industrialization – Neoclassical and
	Marxist views of Indian development
Movie analysis (suggested)	From "Quest for Fire" to "Apocalypto" to "Avatar": Next?
Literature	Patnaik, P., 2010. A left approach to development. <i>Economic</i>
	and Political Weekly 45, 33-37.
	Patnaik, P., 2011. Capitalism and Imperialism. Monthly
	Analytical Review. June 19
	Advanced reading (Optional): Clarkson, S., 1972, The
	political economy of state capitalism. In <i>The Soviet theory of</i>
	development. India and the Third World in Marxist-Leninist
	Scholarship. McMillan.
	Recap: Chap.1 Snowden, B., Vane, H.R., 2005. Modern
	Macroeconomics. Cheltenham, Edward Elgar
	(Macroeconomics I & II)

Module 2 Planning in India up to 1991

Learning objective	Introducing major debates on Post-Independent India's
	development models; critically assess the progress of the
	Indian economy during the planning era
Topics to be covered	Discourse on development strategy (Gandhi, Nehru-
	Mahalanobis, Bombay Plan and Vakil-Brahmananda) -
	Foundations of India's development strategy - Nehru
	Mahalanobis model; Basic features, implementation, and
	policy debates; Proprietary classes in the post-plan period
Literature	Chakravarty, S. 1998, Development planning: The Indian
	experience, Oxford: Oxford University Press+.
	Bardhan, P., 1998, The political economy of development in
	India: Expanded Edition. New Delhi: Oxford University
	Press ⁺⁺ .
	Chap. 3. 2009. Rakshit, M., Macroeconomics of Post-
	reforms India. New Delhi. Oxford University Press.

⁺ e-book not available.

⁺⁺e-book not available. However, Prof. Bardhan has sent me a revised article on request. The same is provided in the reading resources.

Module 3 Economic Reforms in India: Neoliberal Framework

Learning objective	Introduce the students to neoliberal development models
	and provide an understanding of the neoliberal-neoclassical
	theoretical and policy framework.
Topics to be covered	Debating globalization, neoliberalism, and imperialism;
	political economy of economic reforms, structural
	adjustmentroles of market state, and planning in the post-
	reform period.
Literature	Herrera, R., 2006, The neoliberal 'rebirth' of development
	economics. Monthly Review. May 1.
	Patnaik, U., 2015, Imperialism in the era of globalization.
	Monthly Review. July 1
	Advanced (Optional): Amin, S., 2001. Imperialism and
	globalization. June 1

Module 4 Tracing the Sectoral Growth

Learning objective	Understand the sectoral implications of economic growth in
	India, especially after the 1990s.
Topics to be covered	Theoretical arguments on structural changes - Kuznet and
	Chenery hypothesis; tracing the sectoral evolution of Indian
	economy; Make in India to Atma Nirbhar, the impact of
	reforms on structural change;
Literature	Nagaraj, R., 2017, Economic reforms and manufacturing
	sector growth: Need for reconfiguring the industrialization
	model. Economic and Political Weekly, 52, 61-68
	Nagaraj, R. 2019. Make in India: Why didn't the Lion roar?
	The India Forum, April 13, 2-19.

Module 5 India' economic growth in reforms era: Is Winter Coming?

Learning objective	To understand macroeconomic objectives and the indicators
	used to assess the performance of an economy; recognize the
	challenges to an economy's growth; understand how
	external sustainability affects an economy; understand the
	roles of fiscal policy and fiscal prudence in an economy; and
	relate macroeconomic indicators to business.
Topics to be covered	Structural reforms in India; framework; the impact of
	reforms on the various sector. Context and rationale of
	reforms - Sequencing of macroeconomic reforms and
	implications – Theoretical appraisal–Persistence of
	structural unemployment and poverty – The
	institutionalization of poverty 'alleviation.'
Case analysis	The Indian Economy: A Macroeconomic Turnaround
Case summary	In July 2016, India celebrated the 25th anniversary of its
	economic reforms, which were initiated in 1991 as a result of
	a severe fiscal deficit-driven balance of payments crisis. The
	reforms saw India gradually break free of a low annual

	growth rate of 3.0-3.5 percent. In 2016, with a growth rate of 7.6 percent, India emerged as the fastest-growing economy in the world. The increases in the country's macroeconomic indicators in the past 25 years indicated a major turnaround. Were these positive macroeconomic indicators sufficiently sustainable? Should investors be
	confident about India's growth story in 2016?
Assignment	Assignment questions: What macroeconomic indicators are used to evaluate an economy? Does the Indian economy present a picture a turnaround?
	Is an 8 percent growth rate sustainable for India? What are the challenges to growth on the demand side and on supply-side?
	What do the external sector indicators point in terms of the Indian economy? Is the Indian economy vulnerable to the external sector? How do you interpret India's fiscal deficit?
	Does the Indian economy represent fiscal prudence? How does India's financial sector reflect the state of economy?
	As a foreign investor, would you be confident about India's economic situation in 2016?
Submission	Case analysis (pdf) and 5-6 slides.
Literature	Chap. 5. 2009. Rakshit, M., <i>Macroeconomics of post-reforms India</i> . New Delhi. Oxford University Press.
	Recap
	Mankiw, N.G., 2019. <i>Macroeconomics</i> . Tenth edition. Macmillan.
	Bernanke et al., 2019. <i>Principles of Macroeconomics</i> Fifth Edition, McGraw-Hill Education.

Module 6 Banking Sector: Socializing risk and privatizing profit?

Learning objective	To examine the performance of the banking sector in India
	and the way forward
Topics to be covered	Banking sector: Organization and structure; Nationalization
	of banks; Non-performing assets; frauds and scams;
	structural issues; Insolvency code.
Article analysis	Hiremath, G.S. What is the way forward for the ailing
	banking sector in India? October 2019.
Literature	Chap. 4, RBI. Annual Report, 2019.
	Link to a list of articles on the issue is given in reading
	resources.

${\bf Module~7~Demonetization}$

Learning objective	Provide an understanding of India's experiment with
	unconventional monetary policies such as demonetization;
	evaluate the effectiveness of demonetization in reducing
	black money, and assess the macroeconomic consequences
	of demonetization on growth,
Topics to be covered	Monetary policy; IS-LM framework, historical experiences,
	demonetization: methods, implementation, and impact
Case analysis	India's demonetization: Purging black money?
Case summary	On November 8, 2016, the Indian prime minister announced
January 1	that in an effort to counter corruption, black money, and
	counterfeiting, high-value currency notes of ₹500 and
	₹1,000 denominations would be withdrawn from
	circulation. The currency to be removed in the
	demonetization exercise was worth ₹15.4 trillion, or 86.9
	percent of the total value of currency in circulation. The old
	currency would be replaced with new ₹500 and ₹2,000
	notes, but the transition would limit cash liquidity for 50
	days in the Indian economy, which was heavily dependent
	on cash to facilitate both consumption and production. How
	would this process affect India, which had been identified as
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	demonetization have the desired effect of purging the
	economy of black money and moving India toward a
	cashless economy with increased growth? Or would it simply
	bring India's remarkable growth story to a grinding halt and
	discourage investments?
Assignment	Assignment questions: What is demonetization? Would you
	consider it an unconventional monetary policy? What were
	the objectives of India's demonetization? What was its
	rationale? Evaluate the effectiveness of demonetization in
	achieving its objectives? Could demonetization affect India's
	status as the fastest-growing economy? If you were advisor
	to the Prime Minister of India, how would you recommend
	the government that the government tackle the corruption
	and black income in the economy.
Submission	Case analysis doc., 5-6 slides.
Literature	Here's The full text of Modi's speech on the discontinuation
	of ₹500 And ₹1,000 Bank Notes. Huffingtonpost,
	09/11/2016.
	Dasgupta, D., 2016. Theoretical analysis of 'demonetisation.
	Economic and Political Weekly 17, 67-71.
	List of articles (Link to various opinion pieces are given in
	the reading material).
	Advanced reading (optional): RBI, 2018. Annual
	Report 2017-18. Mumbai. The link is here.

Advanced reading (Optional): Kumar, A., 2017.
Demonetization and the Black Economy. New Delhi,
Penguin Portfolio.+
Recap: Chap. 3-5, Blanchard, O., 2017. <i>Macroeconomics</i> .
Seventh Edition. Harlow, Pearson.

⁺ e-book not available.

Module 8 Curious Case of Missing Women

Learning objective	To introduce students to the relationship between gender
	and economy and an understanding glass ceiling in Indian
	labor markets, especially the modern corporate sector
Topics to be covered	Gender construction; gender and economy; diversity issues
	in Indian labor markets: Corporate sector as a case. Gender
	and greed; issues in the capitalist system. Gender and family
	firms in India. Wage discrimination; sticky floor
Literature	Introduction, Folbre, Nancy. 2009. <i>Greed, lust, and gender:</i>
	A history of economic ideas. Oxford University Press.
	Chapter 5, Harriss-White, B. 2003. <i>India working: Essays</i>
	on society and economy (No. 8). Cambridge University
	Press.
	Khanna, S. (2012). Gender wage discrimination in India:
	Glass ceiling or sticky floor? Delhi School of Economics
	Centre for Development Economics (CDE) Working Paper,
	(214).

Module 9 Dating business cycle in India

Learning objective	Examine the slowdown in the Indian economy using the
	theory of business cycle models and identify its limitation
Topics to be covered	Theory of Business cycles; cyclical issues in Indian economy;
	structural question; an alternative explanation
Literature	Recap: Chap 6, Bernanke et al., 2019. Principles of
	Macroeconomics Fifth Edition, McGraw-Hill Education.
	(Background reading).
	Link to list of articles provided in reading resources.

Module 10 Funding Higher Education: Right to Education Vs. Debt burden

Learning objective	To examine the higher education funding and its impact on
	economic inequality
Topics to be covered	Higher education
Literature	Hiremath, G.S., 2017. How IITs turned from Nehru's vision
	of technology to catering engineers for MNCs
	Some more articles will be provided later.

Module 11 Is India Flirting with Universal Basic Income?

Learning objective	Understanding the universal basic income (UBI) as a poverty alleviation and social security programme and critically analysing its relevance and possibilities
Topics to be covered	Universal basic income: theoretical framework; methods of implementation; challenges; UBI for India; Nyaya
Case analysis	Universal Basic Income: Is There a Case for India?
Case summary	India's Economic Survey 2016–17 proposed a gradual implementation of the concept of universal basic income (UBI) as the fastest way of providing a long-term solution to poverty. Large-scale inequality and poverty, along with huge misallocation and wastages in the existing welfare schemes, made India a perfect ground for experimenting with UBI. Though the rapid expansion of Jan Dhan–Aadhaar–Mobile infrastructure was expected to smoothen the execution of UBI in India, there were looming concerns about implementation of the program, fiscal feasibility, and the questionable effectiveness of UBI's impact on poverty alleviation.
Assignment	Assignment questions: What are your initial views on the idea of UBI? What are the inefficiencies in the existing welfare schemes of India? Does UBI address them? Do you agree with the UBI at an idea level? Do you recommend UBI for global south countries such as India?
Submission	Case analysis document and 5-6 slides.
Literature	Drèze, J., 2019. Decoding universal basic income. In <i>Sense and Solidarity: Jholawala economics for everyone</i> . Oxford: Oxford University Press.
	Students are advised to search for the debates and form their opinion independently. Articles will be provided before the session if required.

Module 12 Economics of Discrimination: Does it exist?

Learning objective	To understand the discrimination in higher education and			
	labor markets in India and assess affirmative policies			
Topics to be covered	Theory of discrimination; theory of caste; mode of operation;			
	entry barriers; discrimination in higher education and labor			
	markets; reservation and affirmative actions.			
Case/Article analysis	The Specter of Caste in Silicon Valley.			
	Cisco, Caste Discrimination and the Endurance of Denial in			
	Overseas Indians.			
Literature	Thorat, S., and P. Attewell, 2007. Legacy of social exclusion a			
	correspondence study. Economic and Political Weekly 4141-			
	4145.			
	Hiremath, G.S., 2016. <u>Faculty reservations in IIMs:</u>			
	candidates not found suitable? Countercurrent			
	Dreze, J., 2019. The quiet grip of caste. In Sense and			
	Solidarity, jholawala economics for everyone. Oxford:			
	Oxford University Press.			
	Link to some articles is provided in the reading resources			
	(Optional)			

Module 13 NBFC Liquidity Crisis: India's Lehman Moment?

Learning objective	To understand the liquidity crisis in NBFCs/NBFIs				
Topics to be covered	NBFCs: Organization and structure; IL & FS crisis,				
	NBFCs/NBFIs liquidity crisis				
Literature	RBI, 2019. Chap 6. Non-banking financial institutions.				
	Trend and Progress of Banking in India. (Data and trend				
	analysis)				
	Optional : List of links to opinion articles in reading				
	resources.				
	Optional: Infrastructure Leasing and Financial Services				
	Ltd.: Corporate Governance Failure, HBS.				
	Recap: Chap. 13 (relevant pages) Pathak, B.V., Indian				
	financial system. Pearson Education				

Module 14 Independence of RBI: Kiss of Death or Latin Liturgy Syndrome?

Learning objective	To examine the structure of central banks and understand the experience of RBI vis-à-vis Fed, ECBs, and others.
Topics to be covered	Central Bank Independence, RBI's experience, Implications to monetary policy
Case analysis	Are the resignations of Urjit Patel and Viral Acharya apocalypse for the Indian economy?*
Assignment	How important is central bank Independence for an economy?
	Does central bank independence compromise the role of an elected government in a democratic system?
	How Independence is the RBI? Compare it with those of central banks in the US or Europe? Do you think RBI's independence is compromised in recent years?
Submission	Case analysis (2 pages 1500-2000 words), 3-4 slides.
Literature	Students are advised to search for opinion articles to analyze the case.
	Hiremath, G.S. <u>RBI vs. government: Something's got to give</u> .CNBC November 2018.
	Acharya, V., 2018. On the Importance of Independent Regulatory Institutions – The Case of the Central Bank. A. D. Shroff Memorial Lecture in Mumbai on Friday, October 26, 2018
	Chap. 13, Mishkin, F. S. The Economics of Money, Banking and Financial Markets, Global Edition (Reference reading) Sanyal, S., 2019. <u>Independence of RBI does not mean</u>
	independence from Republic of India: Sanjeev Sanyal Interview.

Session Plan – Indian Economy

Date	Session	Module/Topi c (Indicative)	Case/Article	Pre-class reading	Submissio n of case brief/assi gnment
Aug 20	1	Module 1	Analytical Framework (Interactive)	Yes	No
Aug 26	2	Module 2	Planning in India (Interactive)	Yes	No
Aug 27	3	Module 2	Planning in India (Interactive)	Yes	No
Sep 2	4	Module 2	Planning in India (Interactive)	Yes	No
Sep 3	5	Module 2	Planning in India (Interactive)	Yes	No
Sep 9	6	Module 3	Neoliberal Framework and Economic reforms (Interactive)	Yes	No
Sep 10	5	Module 4	Sectoral Growth (Interactive)	Yes	No
Sep 16	6	Module 5	Case: The Indian Economy: A Macroeconomic Turnaround	Yes	Yes
Sep 17	9	Module 6	Article: What is the way forward for the ailing banking sector in India?	Yes	No
Sep 23	8	Module 7	Case: India's demonetization: Purging black money?	Yes	Yes
Sep 24	9	Module 8	Missing woman in Indian Economy	No	No
Sep 30	10	Module 8	Missing woman in Indian Economy	Yes	Yes
Oct 1	11	Module 9	Business cycles in India	Yes	No
Oct 7	12	Module 9	India's growth slowdown	Yes	No
Oct 8	13	Module 10	Higher Education Funding (Debate)	Yes	No
Oct 21	14	Module 11	Case: Universal Basic Income: Is There a Case for India	Yes	Yes
Oct 22	15		Reserve*		000
Oct 28	16	Module 12	Article: The Specter of Caste in Silicon Valley	Yes	Yes
Oct 29	17	Module 13	NBFCs and liquidity issues	Yes	No
Nov 5	18		Reserve*		00
Nov 11	19	Module 14	Case: Are the resignations of Urjit Patel and Viral Acharya apocalypse for the Indian economy?*	Yes	Yes
Nov 12	20		Reserve		00
Nov 18	21		Reserve*		

^{**}Reserve classes will be used to discuss the topics/extended discussion based on feedback.

 $^{*\#}Reserve \ also \ indicates \ quizzes.$

<u>Group Assignments:</u> The group can submit two out of three assignments.

Individual Assignments: These assignments are compulsory

Important Dates (Assignments)

Component	Topic/Title	Date and	Responsibility
		Time	
Assignment	Case: The Indian Economy: A	Sep 15, 12.00pm	Group
(IE1)	Macroeconomic Turnaround		
Assignment	Case: India's demonetization:	Sep 23,	Group
(IE2)	Purging black money?		
Assignment	Case of Missing women	Sep 29, 12.00pm	Individual
(IE3)			
Assignment	Case: Universal Basic Income: Is	Oct 20, 12.00pm	Group
(IE4)	There a Case for India		
Assignment	Article: The Specter of Caste in	Oct 27, 12.00pm	Individual
(IE5)	Silicon Valley		
Assignment	Case: Are the resignations of	Nov 7, 12.00pm	Individual
(IE6)	Urjit Patel and Viral Acharya		
	apocalypse for the Indian		
	economy?*		

Ethical and honor code

Active participation and shared learning are the very foundation of education, so the current course. Students need to own the responsibility to prepare for the session and participate in the discussions. Students also need to refrain from aiding their fellow students in academic engagements without authorization or perceived as unethical. Any activity violating the learning model is a violation of the ethical code and dishonor the Institute.

Academic dishonesty

Academic dishonesty, as defined by the Institute and expected from the students in the top academic community, will not be tolerated and will be recommended to the committee of discipline. Plagiarism, free riding, unauthorized aid/help, and lack of preparation are academic dishonesty. Academic dishonesty also includes unauthorized aid to fellow student assignments & exams, listing students whom those not contributed to the project, and not reporting the same to the facilitator. If a group member is violating it, the other members must report to the associate facilitator.

Evaluation criteria

Component	Type	Weight	Remarks
Class Participation	Individual	20%	Scores are awarded based on on-off classroom participation and discussion. The quality of the content, articulation, and structure is the primary criterion of evaluation.
Assignments,	Group	40%	Creativity, analytical skills, and
case presentation	Participation	0.4	presentation quality will be the evaluated
Quizzes		50%	
	Individual quizzes		Students need to take up the quizzes individually. Mini case analysis and oral quizzes will be part of it.
	Group quizzes		Analytical presentation followed by questions.

^{*} Consistent with our flux pedagogy, groups are free to submit only four (4) out of 6 assignments. For those who submit more than 4, the best six (6) will be taken for grading.

Grading method

	EX	A	В	С	D	P	F
G-I	Above 90	80-90	70-80	60-70	50-60	35-50	<35
G-II	Average	Average	Average	Average	Average	35-50	<35
	+1.8*SD	+ 1.0*SD	+0.5*SD		- 1.0*SD		

^{*}If the performance of more than 65% of students is not according to Grade-I, the instructor may use the Grade – II method.

Group formation guidelines

Students are free to form their groups for the group assignment. A group should consist of at least two members and not more than five. In some instances, some relaxation can be given case by case. Such requests should be sent to the associate facilitator. Students are advised to

^{*} Consistent with our flux pedagogy, students may opt for only two quizzes (or 50% as the case may be) out of four. For those who write more than 2, the best of the two (2) quizzes will be taken.

include at least one student facing difficulty accessing the resources or infrastructure issues*. Manels are not desirable, and female leadership is highly encouraged.

Groups are allowed to change members for each assignment.

*Since sessions will be entirely online, students do not have equal access to the resources and infrastructure. The facilitator retains the discretion to add disadvantaged students to these groups.

Class Participation

This course requires the full participation of all the students. <u>Participation can be in synchronous and asynchronous mode</u>. The facilitators will keep track of class participation to determine the portion of the grade. Participation in real terms refers to preparation for the class, concentration in learning the self-learning topics and getting the solution to the exercises. The students are expected to give their critical comments on the concepts and theories discussed in the class. <u>Contradicting and criticizing will be the right way of understanding the subject</u>. The language is expected to be sensitive and inclusive.

Any questions about the meaning or definition of basic concepts expected from the students of Macroeconomics II (or courses covered so far) will prove that the student has not prepared for the class. In case of difficulty, the students are advised to contact the facilitator/associate facilitators before the session. A specific set of questions from the pre-reads will be asked to select students randomly for the sake of assessment. The students will be graded for every five sessions for their class participation.

Assignments: The case assignments need to be submitted by any member of the group; the deadline for submitting the assignment/case analysis brief is 14 hours before the session. A case analysis assignment consists of a case analysis (doc/pdf), slides,

The title page of the document/ppt should include the list of members with roll numbers.

Quiz: Quizzes will be conducted as per the schedule (reserve classes or Institute prescribed window). The quiz will be an open book during the said date and time, or take a home quiz.

The quiz **does not test** memory or recall at all. It evaluates how a student thinks about an issue and critically analyzes and compares it. A quiz may also include analyzing an advertisement or a song or some questions or a tweet.

Analytical Presentation

The associate facilitator shall form the group. The group details and reading material will be sent to the concerned group. A female member is encouraged to lead the group. The selected cases will be assigned to a group randomly. The presentation will be as per the following schedule.

The group is expected to send the presentation slides/document 24 hours before the scheduled presentation to the associate facilitator.

Presentation schedule

Group	Date	Group	Date
G-1	September 10	G-6	October 22
G-2	September 17	G-7	October 29
G-3	September 24	G-8	November 5
G-4	October 1	G-9	November 5
G-5	October 8	G-10	November 12

Contact details:

All general queries and questions can be sent to gshcourses@gmail.com

The generic questions can be posted in the WhatsApp group. Any individual query other than academic should only be sent to gshcourses@gmail.com or Group admin/Associate Facilitator

All academic-related queries (e.g., topics, discussions, questions, etc.) should be texted to the facilitator.