

Perspectives on the Indian Economy (HSL 717)

Humanities and Social Sciences (HUSS), Indian Institute of Technology Delhi,
January – May 2025

Course Coordinator: Jayan Jose Thomas, HUSS

COURSE OUTLINE:

This course aims to provide an understanding of the structure and growth of the Indian economy and to contribute to informed public debates on the country's development. It will feature issues related to Indian agriculture, industry, services, trade, and investment. It will discuss macroeconomic, industrial, and social policies needed for India's future. It will cover various periods of Indian development, including the colonial era, the planning years, and the contemporary phase. The course will deal with the varied inequalities in the country along the lines of caste, class, and gender, and across regions. The coursework will emphasize reading and writing about the Indian economy, working with various data sources, and classroom interactions and debates.

MAJOR TOPICS FOR DISCUSSION

The Context

1. *Understanding the Current State:* size, nature, and growth of the Indian economy.

Data and measurement issues: The debates about GDP growth.

2. *State versus market debate* in the Indian context: a quick survey of the various time periods and sectors.

The Past and the Present

3. *The Indian Economy during the Colonial Period.*

Economic history; Deindustrialization; the drain of wealth

4. *Agrarian Relations and Agricultural Growth*

The origins of agrarian inequalities in India; agrarian changes before and after the Green Revolution; agricultural growth after the 1990s; agricultural regimes in various regions,

5. *Industrial Development*

Planning for Industrialization; where Planning delivered (new technologies, higher education, diversified manufacturing) and where it did not (widely spread growth, basic education); the labour flexibility debate; the need for industrial policy to 'Make in India.'

The Widening Gulf

6. *Labour and Employment*

Jobless growth, unemployment, underemployment in agriculture and the informal sector. Labour market divisions by gender and caste; Education, aspirations and jobs for the young; Data and measurement issues.

7. *Poverty and Inequality*: The evidence, issues, debates, data and measurement problems; Variations across regions and social groups.

Policies for the Future

8. *The Government and Fiscal Policies*: Government spending on social sectors: 'freebies' or investments for the future? Federal fiscal relations between the Union and the State Governments.

9. *Trade, Investment, Exchange Rates*: Investment for growth: public or private, domestic or foreign? Should we regulate foreign short-term capital flows?

10. *Prices, Banking, and Monetary policies*: What should guide monetary policies? Inflation or growth?

11. *Education and Health*: Policies for the future.

Requirements, Other Details

This course will be open for all graduate students (PhD, MSc, MTech) and to senior undergraduates, of all disciplines. The most important prerequisites are a willingness to read and learn, curiosity about Indian development, and readiness to engage with various views. A familiarity with macroeconomic relations will be helpful, but not a binding requirement (if you are willing to put some effort, you will learn the economics behind the issues). You will be expected to read and understand and analyse data (simple analysis will be adequate).

Course Evaluation

- Class participation = 4%
- Class presentation (at least one) = 10%
- Term paper = 10%
- Data-based assignment = 10%
- Minor Exam = 33%
- Major Exam = 33%

Attendance Policy

Your participation in classes is critical for the success of this course.

Therefore, I would urge you to attend and actively participate – by asking questions and taking part in discussions – in the class.

Suggestions on Readings (will be revised)

Indian Economy during the colonial period.

Bagchi, Amiya Kumar (1972) *Private Investment in India 1900 -1939* Chapter 14.

Habib, Irfan (1975), 'Colonization of the Indian Economy, 1757-1900', *Social Scientist*, Vol.3, No.8, pp. 23-53.

Morris, Morris D (1983), 'The Growth of Large-scale Industry in India' in Kumar, Dharma (ed.) (1983), *Cambridge Economic History of India*, Vol. II

Kumar, Dharma (ed.) (1983), *The Cambridge Economic History of India – Volume II: c. 1757-2003*, Cambridge University Press, Cambridge.

Parthasarathi, P. (2011), *Why Europe Grew Rich and Asia Did Not: Global Economic Divergence, 1600-1850*. Cambridge: Cambridge University Press.

Planning and development: the Indian experience

Chakravarty, Sukhamoy (1987), *Development Planning: The Indian Experience*, Oxford University Press, New Delhi. Ch. 3

Nayyar Deepak ed (1994), *Industrial Growth and Stagnation- The Debate in India*, Oxford University Press, Delhi.

Frankel, Francine (2004), *India's Political Economy: 1947 – 2004*, Oxford University Press, New Delhi. Chapter 4 'The Contradiction of Rapid Industrialization and Gradual Agrarian Reform'

Chakravarty, Sukhmoy (1979) 'On the Question of Home Market and Prospects for Indian Growth', *Economic and Political Weekly*

Bhagwati, Jagdish (1993), *India in Transition: Freeing the Economy*, Oxford University Press, New Delhi. Ch.3, pp. 71-99.

Bhagwati, Jagdish and Chakravarty, Sukhmoy (1969), Contributions to Indian Economic Analysis: A Survey, *American Economic Review*

Bardhan, Pranab, (1984), *The Political Economy of Development in India*, Oxford University Press, New Delhi.

Krueger, A. (1974), 'The Political Economy of the Rent Seeking Society', *American Economic Review*, Vol. 63, No. 3, pp. 291-303.

Mundle, Sudipto (1985) 'The Agrarian Barrier to Industrial Growth', *Journal of Development Studies* 22:1, pp. 49-80

Kevin M. Murphy, Andrei Shleifer, and Robert W. Vishny (1989) ['Industrialization and the Big Push'](#), *Journal of Political Economy*, Vol. 97, No. 5

Economic reforms in India: context, nature, impacts and direction

Dani Rodrik and Arvind Subramanian 'From Hindu Growth to Productivity Surge: The Mystery of the Indian Growth Transition'. IMF

Ahluwalia, Montek, S (2002), Economic Reforms in India Since 1991: Has Gradualism Worked?, *Journal of Economic Perspectives*, Vol. 16, No. 3, pp. 67-88.

Joshi, V. and IMD Little (1996), *India's economic reforms, 1991-2001*, Oxford University Press, New Delhi.

Prabhat Patnaik and C.P.Chandrasekhar (1995), Indian Economy under structural adjustment, *Economic and Political Weekly*.

Nagaraj, R (2013), 'India's Dream Run, 2003-08 : Understanding the Boom and Its Aftermath', *Economic and Political Weekly*

Chandrasekhar, C.P and Ghosh, Jayati (2004), *The Market that Failed: Neoliberal Economic Reforms in India*, LeftWord Books, New Delhi., Ch. 2, pp.9-18.

The record on social sectors

Sen, Amartya, 2000, *Development as Freedom*, Oxford University Press, New Delhi.

Drèze, Jean and Amartya Sen (2013), *An Uncertain Glory: India and its Contradictions*, Allen Lane.

Drèze, Jean and Sen, Amartya (1989), *Hunger and Public Action*, Oxford University Press, New Delhi, Ch. 2 titled 'Entitlement and Deprivation'

Drèze, Jean, Prankur Gupta, Reetika Khera, Isabel Pimenta (2019) Casting the Net: India's Public Distribution System after the Food Security Act, *Economic and Political Weekly*, February 2019

Agarwal, Bina (1994), *A Field Of One's Own: Gender And Land Rights In South Asia*, Cambridge University Press, Cambridge England New York, NY, USA

Agriculture and rural development

Rao, J Mohan (1986), 'Agriculture in Recent Development Theory', *Journal of Development Economics*.

Ramachandran, V.K and Swaminathan, Madhura (2002), *Agrarian Studies: Essays on Agrarian Relations in Less-Developed Countries*, Tulika Books, New Delhi.

Himanshu, Bhavna Joshi, Peter Lanjouw (2016), 'Non-farm Diversification, Inequality and Mobility in Palanpur', *Economic and Political Weekly*, June 25.

Employment growth and the labour market

Thomas, Jayan Jose (2020), 'Labour Market Changes in India, 2005-2018: Missing the Demographic Window of Opportunity', *Economic and Political Weekly*, August 22.

Poverty and inequality.

Angus Deaton and Jean Drèze (2009) 'Food and Nutrition in India: Facts and interpretations', *Economic and Political Weekly*, February 14

Indian industry.

Thomas, Jayan Jose (2019) '[How to Revive Indian Manufacturing? On the Need for Industrial Policy](https://cse.azimpremjiuniversity.edu.in/wp-content/uploads/2019/04/SWI2019_Industrial_Policy_Thomas.pdf)', *State of Working India 2019*, <https://cse.azimpremjiuniversity.edu.in/wp-content/uploads/2019/04/SWI2019_Industrial_Policy_Thomas.pdf>

Services, Trade and Investment (including foreign investment).

Panagariya, Arvind (2008), *India: The Emerging Giant*, Oxford University Press, New York. Ch.12 ('International Trade: Carrying Liberalization Forward'), especially pp. 259-68 and 276-81.

Banking and the financial sector

Charles, P. Kindleberger (1985) and Robert Z Aliber (2005). *Manias, Panics, and Crises: A History of Financial Crises*. 5th Edition. John Wiley and Sons, Hoboken, NJ.

State vs. Market debate

Amsden, Alice (1989), *Asia's Next Giant: South Korea and Late Industrialization*, Oxford University Press, New York, Chapter 1

Chang, Ha-Joon (2003), *Kicking Away the Ladder: Development Strategy in a Historical Perspective*, Anthem Press, London.

Cherif, Reda and Hasanov, Fuad (2019) 'The Return of the Policy That Shall Not Be Named: Principles of Industrial Policy', Working Paper, WP/19/74, International Monetary Fund, March 2019.

Gerschenkron, Alexander (1962), *Economic Backwardness in Historical Perspective*, Cambridge, Massachusetts: Belknap Press of Harvard University Press.

Johnson, Chalmers (1982), *MITI and the Japanese Miracle: The Growth of Industrial Policy, 1925-1975*, Stanford University Press, California. Chapter 1, pp. 3-34.

Kohli, Atul (2007), *State-Directed Development Political Power and Industrialization in the Global Periphery*, Cambridge University.