

**Code: ECON-313**

**Title: Development Policy**

**Credit Hours: 03**

**Prerequisite: Advanced Microeconomics, Advanced Macroeconomics and Development Economics-I**

**Objectives:**

The course objectives are to provide the concepts, ideas, and strategies employed in the pursuit of economic development; develop and understand principles that enable critical assessment of alternative development policies and programs; and reflect on the goals and objectives, implementation strategies, and successes and failures of economic development efforts. Different facets of human development: education, health, gender, the family, land relations, risk, informal and formal norms and institutions will also be studied.

**Course Contents**

**Institutions**

Social Institutions: Education, Economic, Religious, Political, Economic Institution: Taxations, Trade, State control, Political institution: Political freedom, Corruption

**International Debt, Aid / Assistance**

Why international borrowing? Two Gap Model, Aid commitments and disbursement. Sources of borrowing. Debt Cycle Theory/Stages. Debt Burden: Debt Servicing. Policies to combat debt problems: Forecasting debt and solution for debt burden, saving mobilization/Domestic resource mobilization, Debt rescheduling etc.

**WTO, Liberalization and International Trade**

Trade vs. Aid. Liberalization of Trade and its impacts/gains etc., Foreign Exchange Constraints and Balance of Payment deficit. Role of GATT and its Failure. WTO and LDC's. Trade Instability, Distribution of gains from Trade liberalization. Regional Trade Associations (RTA's): their role and contributions. Basis for trade and benefits: Gains from Trade: Static and Dynamic Gains. Comparative Advantage, Revealed Comparative Advantage and Competitiveness. Trade as an engine of growth. Product Cycle. Determinants of exports growth. Transfer of Technology: Sources & Need. Technology Centered Development and Appropriate technology issue.

55

## **Transnational Corporations (TNC'S), FDI and Development**

Transnational Corporations (TNC's): Objectives, Role and Contributions, Long term cost of TNC's. Transfer of Technology: Ways and Means. Global integrated production system: TNC's and Globalization, Foreign Direct Investment (FDI) and Its Determinants/Role. Foreign Direct Investment (FDI) and TNC's. Flow of FDI and its contributions.

## **Poverty and Income Distribution**

Definitions and Measurement of Poverty/Poverty Line. Poverty concepts/definitions. Absolute Poverty, Relative Poverty, Income approach, Expenditure approach, Basic needs approach, Poverty of Opportunities Index (POPI) and Calorie-based approach etc. Poverty Indicators. Poverty by socio-economic groups. Sources, impacts and policies to combat poverty. Strategies and tools to combat poverty. Growth and Income Inequality in the world. Empirical evidences on poverty. Redistribution with growth. How to combat income inequality. Basic Needs, Social Action Programs and Poverty alleviation.

## **Growth Models**

Harrod-Domer Model, Technical Change and growth Model, Kaldor's Model of Distribution, Joan Robinson's Model of capital accumulation, Model of Steady State Growth. Saving-Investment and Golden Rules.

## **Recommended Books:**

- Richard Peet and Elaine Hartwick. (2009). Theories of Development: Contentions, Arguments, Alternatives (2nd Edition); the Guilford Press.
- Colin H. Kirkpatrick, Ron Clarke, Charles Polidano. (2002). Handbook on Development Policy and Management, Edward Elgar.
- Cypher J. M. and Dietz James L., (2004). The Process of Economic Development, Routledge. Tayl or Francis Group, London/New York.
- Ghatak Subarta, (2003). Introduction to Development Economics, Routledge, Taylor and Francis Group, London/New York.
- Herrick B. and Kindleberger C., (latest eds.). Economic Development. McMillan, New York.
- The World Development Reports of 2010 onwards for comparatives analysis