

# MA Development Economic I semester

## DE 511: Microeconomic Analysis I

### *Aims and Objectives*

Credits:3

This course dealt with details will build the theoretical foundation of the core subject of microeconomics and covers concepts, theories and diagrammatical representations are most important theoretical tools for students to understand and use the subject as desired. Course Outline

### **Unit 1: Introduction and Fundamental Concepts**

The basic economic problem - choice and scarcity; micro and macro economic analysis; inductive and deductive methods of analysis; static and dynamic analysis; positive vs. normative economics; partial versus general equilibrium analysis.

### **Unit 2: Demand Analysis**

Theories of demand; demand and supply equilibrium; elasticity of demand; price elasticity, income elasticity and cross elasticity; measurement of elasticity of demand; recent developments in demand analysis - Houthukkar and Taylor, Nerlove's - Stock adjustment principle.

### **Unit 3: Hicksian Analysis and Recent Developments in Demand Analysis**

The indifference curve (income and substitution effects; the Slutsky theorem); revealed preference theory; revision of demand theory by Hicks; Cobweb theorem.

### **Unit 4: Production and Cost Theory**

The production function; law of variable proportions; law of returns to scale; isoquant; least cost combination (producers' equilibrium); Cobb Douglas and CES and CES production functions; traditional and modern theories of cost; cost-output relation.

### **Unit 5: Price and Output Determination**

Short-run and long-run equilibrium of firm and industry; monopoly; price discrimination; monopoly control and regulation; monopolistic competition; general approach and Chamberlin approach; selling costs; product differentiation; collusive and non-collusive oligopoly.

### **References:**

Ahuja, H.L., 2006, Advanced Economic Theory, Sultan Chand and Co., New Delhi. Archibald, G.C. (ed.), 1971, Theory of the Firm, Penguin, Harmondsworth.

Bain, J., 1958, Barriers to New Competition, Harvard University Press, Harvard. Baumol, W.J., 1982, Economic Theory and Operations Analysis, Prentice Hall, New Delhi. Dacosta, G.C., 1980, Production, Prices and Distribution, Tata Mc Graw Hill, New Delhi. Henderson, J.M. and Quandt, 1980, Micro Economic Theory: A Mathematical Approach, Mc Graw Hill, New Delhi.

Koutsoyiannis, A., 1979, Modern Microeconomics (second edition), Macmillan Press, London.

Sen, A., 1999, Microeconomics: Theory and Applications, Oxford University Press, New Delhi.

Samuelson, P.A. and W.O. Nordhaus, 1998, Economics, Tata McGraw Hill, New Delhi. Stigler, G., 1996, Theory of Price (fourth edition), Prentice Hall of India, New Delhi. Stonier, A.W. and Hague, 1972, A Text Book of Economic Theory, ELBS, London. Varian, H., 2000, Microeconomic Analysis, W.W. Norton, New York.

# DE 512: Macroeconomic Analysis I

Credits:3

## Aims and Objectives

This course is aimed at forming relationship among the different issues and policies at the aggregate level which is essential for expected comprehension of these matters, This course is aimed at forming the functional relationship among the different issues and It is relatively more scientific and blends itself with empirical knowledge of economics, This will equip students to properly analyze and understand macroeconomic changes and situations including the latest theoretical developments in the macroeconomic arena.

## Course Outline

### Unit 1: National Income and National Accounts

The circular flow of income in two, three and four sector economy; different forms of national income accounting" social accounting, input-output accounting, flow of funds accounting, and balance of payments accounting.

### Unit 2: Classical Model of Employment

The vertical aggregate supply curve; classical macroeconomics - the Say's law of market.

### Unit 3: Consumption Function

Keynes' psychological law of consumption - implications of the law; short-run and long- run consumption function; empirical evidence on consumption function; income consumption relationship absolute income, relative income, life cycle and permanent income hypotheses.

### Unit 4: Investment Function

Marginal efficiency of investment and level of investment; marginal efficiency of capital and investment - long run and short run; the accelerator and investment behavior - influence of policy measures on investment - empirical evidence.

### Unit 5: Neoclassical and Keynesian Views on Interest

The IS-LM model; the extension of the IS-LM model with government sector; relative effectiveness of monetary and fiscal policies; extension of IS-LM model with labor market and flexible prices.

## References:

Ackley, G., 1978, Macroeconomics: Theory and Policy, Macmillan, New York. Branson, W.A., 1989, Macroeconomic Theory and Policy (third edition), Harper and Row, New York.

Dornbusch, R. and F. Stanley, 1997, Macroeconomics, McGraw Hill, New York. Glahe, F.R., 1973, Macroeconomics: Theory and Policy, Harcourt Brace Jovanovich, NewYork.

Gurley, J. and E.S. Shaw, 1960, Money in a Theory of Finance, Brookings Institution, Washington, D.C.

Laidler, D.E.W., 1977, Demand for Money: Theory and Evidence, Dum-Don Valley, New York.

Levacic, R. and A. Rebman, 1986, Macroeconomics: An Introduction to Keynesian and Lucas, R., 1981, Studies in Business Cycle Theory, MIT Press, Cambridge, Massachusetts Rakshit, M., 1998, Studies in the Macroeconomics of Developing Countries, Oxford

Neo-classical Controversies, Macmillan, London. University Press, New Delhi.

Reddy, Y.V., 2000, A Review of Monetary and Financial Sector Reforms in India: A Centra

Banker's Perspective, UBSPD, New Delhi.

Romer, D.L., 1996, Advanced Macroeconomics, McGraw Hill, New York. Shapiro, E., 1996, Macroeconomic Analysis, Galgotia Publications, New Delhi. Surrey, M.J.C. (ed.), 1976, Macroeconomic Themes, Oxford University Press, Oxford.

# DE 513: Economics of Development I

**Credits:3**

## *Aim and Objective*

This course deals in detail with the prominent economic theories and issues relating to growth and development and would thus familiarize the students' with these fundamental matters so that they could grasp well the prevailing and emerging issues in the field and process of economic development in which they may have to play important roles at various stages of their life.

## Course Outline

### **Unit 1: Theories of Economic Growth**

Neoclassical growth theories - Harrod, Solow and Swan; Cambridge growth models - Kaldor and Passinetti; neutral technical progress - the Putty-Clay model.

### **Unit 2: Development and Disparity**

Economic growth and development; approaches to economic development - income approach and criticism, Sen's capability approach; theories of economic development - Lewis, Myrdal and McClelland; economic inequality concept and measurement; inequality, growth and development - at various levels (spatial - regional, national and global); poverty-concepts, types, measures, incidence of poverty in developing countries; functional impacts of poverty.

### **References:**

Alesina, A. and D. Rodrik, 1994, "Distributive Politics and Economic Growth," Quarterly Journal of Economics, Vol. 108, pp.465-90.

Bardhan, P. and C. Udry, 1999, Development Microeconomics, Oxford University Press, New York.

Barro, R. and X. Sala-i-Martin, 2001, Economic Growth, MIT Press, Massachusetts. Basu, K., 1984, The Less Developed Economy, Basil Blackwell, London.

Behrman and Srinivasan, 1995, Handbook of Development Economics, Vol. 3, Elsevier, Amsterdam.

Deininger, K. and L. Squire, 1998, "New Ways of Looking at Old Issues: Inequality and Growth," Journal of Development Economics, Vol. 57, No.2, pp.259-287.

Djankov, S. et al., 2003, "The New Comparative Economics," Journal of Comparative Economics, December.

Forbes, K.J., 2000, "A Reassessment of the Relationship Between Inequality and Growth," American Economic Review, Vol.90, No.4, pp.869-887.

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Lewis, W.A., 1955, The Theory of Economic Growth, George Allen and Unwin, London. Meier, G.M. and J.E. Rauch, 2000, Leading Issues in Economic Development, Oxford University Press, New York.

Meier, G.M. and J.E. Stiglitz (eds.), Frontiers of Development Economics: The Future in Perspective, Oxford University Press, New York.

Myrdal, G, 1957, Economic Theory and Underdeveloped Regions, Duckworth, London. Nafziger, ?, 2006, Economic Development, Cambridge University Press, New York. Ojha, E.R., 1997, "Regional Development and Disparity in the Context of Overall Development: Special Reference to Nepal," Regional Development Studies (RDS), Vol. 3, Winter 1996/97, pp. 27-56.

Ojha, E.R., 1998, "Development Trends: Some Observations," The Rising Nepal, Thursday, 15 January 2000, p. 4.

Ojha, E.R., 1998, "Development Trends: Which Way Would We Wade?," The Rising Nepal, Friday, 1 May 2000, p. 4.

Ojha, E.R., 2003. Vikaasko Sankshipta Vivechana: Vishesh Sandharva Sudoorpashchim Nepalko, (in Nepali), i.c., A Brief Discussion on Development: Special Context of Far. Ojha, E.R., 2003, Vikaasko Sankshipta Vivechana: Vishesh Sandharva Sudoorpashchim

Western Nepal), Bhrikutee Academic Publications, Kathmandu

Pant, Y.P. and S.C. Jain, 1980, Regional Imbalances and Process of Regional Development in Nepal, Development Publishers, Delhi.

Ray, D., 1998, Development Economics, Oxford University Press, New Delhi. Sen, A., 2000, Development As Freedom, Oxford University Press, New York.

Sen, A.K., 1981, Poverty and Famines: An Essay on Entitlement and Deprivation, Clarendon Press.

Sen, A.K., 1992, Inequality Reexamined, Oxford University Press, Oxford. The Economist, "Roots of Development," The Economist, October 2002. Thirwall, A.P., 1999, Growth and Development, Macmillan, London. Todaro, M. and S.C. Smith, 2008, Economic Development, Pearson, New Delhi. UNDP, Human Development Report, United Nations Development Programme (UNDP), various years/issues.

UNDP/N, Nepal Human Development Report, UNDP/Nepal, Kathmandu, various years/issues. Wade, R., 2001, "Global Inequality: Winner and Losers," The Economist, April 2001.

## **DE514: Practical Workshop and Field-based Study cum Seminar I**

Credits:3

### *Aim and Objective*

This course intends to impart students with practical knowledge, exposure and experience relating to various dimensions of the subject of development economics. The aim is to enhance their analytical and presentation skills, knowledge base and confidence level essential to work effectively in their academic and professional life.

### Course Conduct Pattern

### **Time Allocation and Schedule**

This course will occupy a total of four hours every working week for its classroom discussion part. Depending upon the availability of time and suitability, the four-hour period time could be used either in a single day or divided in four separate sessions of one hour on any four days of the working week.

### **Discourse, Deliberations and Output**

Upon completion of a few hours of introductory sessions, the students will be asked to search development economics related articles from local, national, and international newspapers, journals, magazines, and materials/models/illustrations from books, make copy of each of such material and make their reviews with interpretation of the contents one material a week. Each student will submit to the instructor one such output each week, two days prior to the forthcoming classroom discussion / seminar. The submitted C materials must be the respective students' individual work not tallying with the one submitted by others in the class. In case of collision the concerned students will be asked to submit another work confirming independent work.

The students will put their respective materials in presentation formats - preferably power point ones - for presentations before the class. Each presentation will entail a brief question S answer/discussion. All materials submitted will be compile and made available a

references for the students and others interested in the subjects.

### **Short Visits and Guest Lectures**

One or two brief field visits could also be arranged now and then in lieu of the respective day's classroom presentation session provided there are relevant cases to be observed in proximate locations for the students and instructor to make comfortable and amicable

visit. Such visits would require students to make their individual notes for presentation and submission in the following classroom discussion session. The instructor could also decide to and arrange one or two guest lecture sessions in lieu of regular sessions depending upon the availability of guest lecturers to make relevant and interesting presentations. Field-based Study

Towards the end of the semester in which this course is offered, the students will make a study visit to one or just a few locations in proximity to each other in Surkhet district of the Mid-western Development Region (MWDR) of Nepal. They will make observation of the area(s) and the various economic activities and situations around and prepare notes for presentation in written and report (presentation) format individually. They will also take regulated but random interviews of concerned local people and have focus group discussions when possible. Prudent picture- and video-takings and uses could be greatly supplemental in this regard.

#### *Assessment/Evaluation*

The instructor in charge will allocate appropriate percentage of marks to each of the major activities required and record performance scores for individual student, thus coming up with the final scores based on the overall evaluation of each of the students.

## **Comp. 515: Computer Applications**

### **Credits:3**

#### *Aim and Objective*

The course intends to provide students with the basic knowledge and skill required to make efficient use of computer programs in more effectively analyzing and presenting academic and professional tasks, thus enabling them to become successful in their studies and jobs.

#### **Course Outline**

##### **UNIT-1: BASIC ON COMPUTER**

[4 Hours]

Introduction, History of computer in Nepal, Parts of computer, Meaning/Functions of hardware and software, Application areas of computer, Characteristics of computer, Block diagram of computer, Concept of Memory

##### **UNIT-2: COMPUTER CRIME AND SAFETY MEASURE [7 Hours]**

Introduction, Hacking, Software piracy, Anti piracy, Computer ethics for Computer users, Network Security: Client/Server security and protection methods, Data and Message security, Cyber Law, Computer viruses, Anti-viruses

##### **UNIT-3: INFORMATION SYSTEM CONCEPT [10 Hours]**

Data and Information, Information system, Types of Information system, Characteristics of Information, Information system vs. Information Technology, IT policy on Nepal-2057 B.S.

##### **UNIT-4: OPERATING SYSTEM [7 Hours]**

Overview of Operating System, Functionalities and Characteristics of Operating System, Types of Operating System, Disk Operating System (DOS), DOS commands, Window Operating System and its features.

##### **UNIT-5: DTABASE SYSTEM [7 Hours]**

Introduction, Use of database, Data Models, E-R diagrams, Languages of Database, Database Administrator

##### **UNIT-6: COMPUTERAPPLICATION & USE FOR STATISTICAL TECHNIQU [10 Hours]**

Use of Microsoft Word, Excel, Power Point and simple statistical packages such as the Statistical Package for Social Sciences(SPSS)

#### **Text/Reference books:**

Peter Norton, Introduction to Computers

B.Ram, Computer Fundamentals

Andrew s. Tanenbaum, Modern Operating System

C.J. DATE, Introduction to Database System

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# DE 516: Governance and Development

Credits:3

## *Aim and Objective*

The objective of this course is to provide the students with important knowledge about and insights into the crucial interrelation, which is increasingly catching interest in academia and professional arena, between governance and economic development. The aim is to prepare students with a good foundation of appreciation and interest in the subject of governance-development relationship and perform their tasks and responsibilities in responsible ways while also making others adopt work patterns that contribute to sustained economic development.

## *Course Outline*

### **Unit 1: Introduction to Governance and Development**

Meaning, definitions, types and importance of governance; the role of the state/government in governance process; the changing nature of the role of state in governance (programming and planning by the state, minimalist government, complementarity of government and market); meaning, objectives and core values of development.

### **Unit 2: Democracy**

Meaning of democracy; concept and practice of legitimacy; democracy in Nepal - shift from feudal monarchy to democratic governance, perceived socio-economic difference/ change with the shift.

### **Unit 3: Governance Institutions**

International, national, regional and local; formulation of development policies at various levels, including civil society and community-based organizations (CBOs) and non-government organizations (NGOs); execution of plans and allocation, mobilization and use of resources (human, financial, natural); global governance and regulation; governance decentralization versus centralization and a mix of the two.

### **Unit 4: Government**

Hyperactive government, ineffective government; government intervention - minimal marginal; effectiveness of intervention; reasons for citizen satisfaction or dissatisfaction with government.

### **Unit 5: Good Governance (Benevolent Government)**

Features (responsibility, accountability, meritocracy, transparency) and its role and contribution in economic development - use of local resources/capital of various types and foreign aid (loans grants) and investments, and in the maintenance of national sovereignty, integrity.

### **Unit 6: Bad Governance (Malevolent Government)**

State failure - economic failure; distinct features of a bad governance - scarcities, poverty insecurity, political instability, impunity, corruption, capability deprivation, conflict, crime and manifestations, nature and extent of impacts on economic development and human crises, chaos, calamities, external dependency, threats and challenges; corruption - form wellbeing; need for and ways to combat corruption.

### **Unit 7: Freedoms and Unfreedoms**

Types, features and effects of freedoms and unfreedoms and their implications for development and underdevelopment.

### **Unit 8: Civil Society and Governance**

Meaning of civil society; interdependence between civil society and governments at various levels; ways civil society and the government can make each other work more responsibly. Meaning of civil society; interdependence between civil society and governments at various levels of their society and nation; scope / pros and limitations / cons of self/local governance. select cases of civil society activities and contributions to peace, progress and prosperity of their society and nation; scope/pros and limitations/cons of self/local governance.

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## **Unit 9: Media for Governance and Development**

Importance of transparency / openness (in government) and for democratic processes; role of the media in implementing openness; role of education/academia/civil society in governance transparency: how governance can change development scenario and success; media capture (by state, elite); consumer welfare through media action.

## **Unit 10: Ethics and Spirituality for Good Governance**

Sense of ethics/ morality and its implications for desired code of conduct and mode of behavior - eventual impacts in peace, progress and prosperity.

References:

Besley, T. et al., 2002, "Mass Media and Political Accountability," *The Right to Tell: The Role of Mass Media in Economic Development*, World Bank Institute (WBI), Washington, D.C. Easterly, W., 2007, "Inequality Does Cause Underdevelopment: Insights from a New Instrument?," *Journal of Development Economics*, 84, pp. 755-776.

Martin, J.P., 2000, "Human Rights, Human Development and the Seven Freedoms," *Cooperation South*, No. 2, United Nations Development Programme (UNDP), New York, pp. 36-39.

Meier, G.M. and J.E. Stiglitz, 2000, *Frontiers of Development Economics: The Future in Perspective*, Oxford University Press, New York.

New ERA and ActionAid/Nepal, 2004, *Listening to People Living in Poverty in Nepal: Analysis of Life History Cases*, Books for Change, Bangalore.

Nyerere, J., 1999, "Managing Our Own Democratic Development and Change in the South," *Cooperation South*, No. 2, United Nations Development Programme (UNDP), New York, pp. 76-82.

Ojha, E.R., 1997, "Regional Development and Disparity in the Context of Overall Development: Special Reference to Nepal," *Regional Development Studies*, Vol. 3, Winter 1996/97, pp. 27-56.

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Sachs, J., 2005, *The End of Poverty: How We Can Make It Happen in Our Lifetime*, Penguin Books, London.

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Sen, A., 1982, "The Right Not to Be Hungry," in G Floistad (ed.) *Contemporary Philosophy*, 2, Martinus Nijhoff, The Hague, pp.

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