

Sankar, U., 1992, Public Sector Pricing: Theory and Applications, IEA Trust for Research and Development.

Stevens, P. (ed.), 2000, The Economics of Energy, Volumes I and II, Edward Elgar. William, B. (ed.), 1997, Readings in Ecology, Energy and Human Society: Contemporary Perspectives, Harper and Row, New York.

## **DE 541: Development Theory and Practice**

**Credits:3**

### *Aim and Objective*

This course will acquaint the students with renowned theories pertaining to development and also give an overview of major developmental practices in the world in general and in Nepal in particular. The aim is to build in the students a strong base in the study and understanding of economic development issues.

### *Course Outline*

#### **Unit 1: Growth and Development**

Development and underdevelopment; size of the market; characteristics and measures of development; historical experience of development - stages of growth, late industrialization, structural analysis; poverty and inequality-conceptual issues and measurement; capabilities and entitlements; policies for poverty reduction; state and the market - market failure, government failure; conflict versus complementarity between the state and the market; project appraisal and social cost-benefit analysis.

#### **Unit 2: Economic Resources**

Capital and technical progress - role of capital, capital-output ratio, resource allocation, level and pattern of capital formation; patterns of technical progress; technology and unemployment; technical obsolescence; choice of techniques; labour and employment issues - population growth, demographic transition, human resource development, surplus labour, open and disguised unemployment, informal sector, rural-urban migration; land and the rural economy - an overview of farm and nonfarm sectors; credit and micro-credit; interlocked markets; natural resources; renewable and nonrenewable resources; the environment and sustainable development.

#### **Unit 3: Globalization and Development**

Trade policy debate - export promotion and import substitution, WTO - structure and functions; WTO and LDCs; role and limitations of foreign capital; MNCs; the Third World debt crisis; private foreign investment; IMF and World Bank.

#### **Unit 4: Development Experiences/Practices in Nepal**

Development efforts/practices – past, present and the future; developmental experiences/ outcomes and limitations/failures; developmental prospects and constraints and possible ways ahead.

#### **References:**

Benerjee, A. et al. (eds.), 2006, Understanding Poverty, Oxford University Press.

Dasgupta, P., 2007, Economics: A Very Short Introduction, Oxford University Press.

Meir et al., 2000, Frontiers of Development Economics, The World Bank Institute, Washington, D.C.

Ojha, E.R., 1999, Development and Disparity: Focus on Nepal, QDR, Kathmandu.

Ojha, E.R., 2003, Vikaasko Sankshipta Vivechana: Vishesh Sandarbha Sudoor Pakshim Nepalko, (in Nepali), Bhrikuti Academic Publications, Kathmandu.

Olson, M., Jr, 1996, "Big Bills Left on the Sidewalk: Why Some Nations are Rich, and Others Poor," Journal of Economic Perspectives, volume 10, number 2, pp. 3-24.

Pandey, D.R., 1999, Nepal's Failed Development: Reflection on the Mission and the Maladies, Nepal South Asia Centre, Kathmandu.

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Ray, D. 1998, Development Economics, Princeton University Press.  
Sen, A., 2000, Development As Freedom, Oxford University Press, New Delhi.  
Thomas, V. et al., 2000, Quality of Growth, The World Bank Institute, Washington, D  
Todaro, M. and S.C. Smith, 2008, Economic Development, Pearson, New Delhi.  
UNDP, Human Development Reports, various issues/years. For Nepal and so on.

## **DE 542: International Economics I**

### **Credits:3**

#### Aim and Objective

This course deals deeply with the broad principles and theories in international economy and would thus help students understand trade policies at national and international level and the impacts of globalization process on various aspects of domestic economy such as income, employment and social outcomes.

#### Course Outline

##### **Unit 1: International Trade**

National specialization; growing intra-regional trade; production sharing; transnational integration; changing world; strategic alliance; international inequality; domestic political and international trade.

##### **Unit 2: Theories of International Trade**

Theories of absolute advantage, comparative advantage and opportunity costs; modern theory of international trade; theorem of factor price equalization; empirical testing of theory of absolute cost and comparative cost; Heckscher-Ohlin theory of trade; Krugman and Linder theory of trade.

##### **Unit 3: The Role of Dynamic Factors**

The role of dynamic factors, i.e., changes in tastes, technology and factor endowments in explaining the emergence of trade; the Rybczynski theorem - concept and policy implications of emerging growth; causes of emergence and measurement of intra-industry trade and its impacts on developing economies.

##### **Unit 4: Benefits from Trade and Their Distribution**

Special gains to small countries; terms of trade, their concepts, measurements, uses and limitations; Mill's doctrine; trade and development; trade as an engine of economic growth; Prebisch-Singer thesis; trade in services, features and restrictions; trade barriers, tariff barriers, classification of tariffs, impact of tariff; nontariff barriers and their implications.

##### **Unit 5: Economic Integration**

Theory of customs union; static and dynamic effects of a customs union; the South-South cooperation; the rationale and economic progress of SAARC, SAPTA and ASEAN regions; problems and prospects of forming a customs union in the Asian region; regionalism (EU) EFTA, NAFTA); countertrade forms.

#### **References:**

Aggarwal, M.R., 1979, Regional Economic Cooperation in South Asia, S. Chand and Company, New Delhi.  
Bhagwati, J. (ed.), 1981, International Trade: Selected Readings, Cambridge University Press, Massachusetts.  
Chacholiades, M., 1990, International Trade: Theory and Policy, McGraw Hill,  
Kogakusha Cheronilam, F. 2001, International Economics, Tata McGraw-Hill Publishing, New Delhi.  
Krugman, P.R. and M. Obstfeld, 1994, International Economics: Theory and Policy. Glenview.  
Salvatore, D., 1997, International Economics, Prentice Hall, New York.  
Soderstrom, B. 1991, International Economics, Macmillan Press, London.

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# **DE 543: Entrepreneurship and Development**

**Credits:3**

## Aims and Objectives

The objective of the course is to offer students the knowledge about the basic principles of entrepreneurship and make them aware of the qualities and qualifications of a successful entrepreneur. The aim is to help students gain important insights into entrepreneurship so that they could be motivated and able to become successful entrepreneurs thereby getting self-employed and creating employment for others as well.

### **Unit 1: The Concept and Meaning of Enterprise, Entrepreneur and Entrepreneurship**

Entrepreneurial culture; establishing entrepreneurial system - idea processing, personal, financial information and intelligence; rewards and motivation; concept bank - role of industrial fair, theories of entrepreneurship; characteristics of an entrepreneur; types of entrepreneur; behavioral patterns of entrepreneurs; entrepreneurial motivation.

### **Unit 2: Appraisal of Project Proposals**

Feasibility prospects - project objectives, design; assessment of technical, economic, financial and marketing aspects; format to report; project management techniques - network analysis, activity performance, time schedules; factory design, factory requirements; firm/ factory related legislative arrangements.

### **Unit 3: Sources of Product for Enterprises**

Pre-feasibility study; criteria for selection of product(s); ownership; capital budgeting; project profile preparation; matching entrepreneur with the project; feasibility report preparation and evaluation.

### **Unit 4: Sources of Project Finance**

Credit facilities, types of credit available for use; evaluation of loan proposals by financial institutions; leasing arrangement; evaluation of lease proposal; marketing channel; selection of channel members; setting quality standards; recruitment strategies; and outstanding options.

### **Unit 5: Support System for Entrepreneurship Development**

Entrepreneurship development policies/programs/schemes, training institutions; institutions providing technical, financial and marketing assistance; the role of consultancy and contracting organizations.

## **References:**

Gupta and Srinivasan, 1992, Entrepreneurial Development, Sultan Chand, New Delhi.  
Mancuso, J.R., How to Start, Finance and Manage Your Own Small Business, Prentice Hall.  
Schollammer, H. and A.H. Kniloff, Entrepreneurship and Small Business, John Wiley.  
Sharma, R.A., Entrepreneurial Change in Indian Industries, Sterling, Delhi.  
Tropman, J.E. and G. Mornistar, Entrepreneurial System for The 1990s, Greenwood Press.

# DE 544A: Advanced Economics of Development and Planning

Credits:3

## Aim and Objective

The objective of this course is to familiarize the students with the well-known concepts and theories relating to the economics of development and planning, thereby enabling students to grasp the subject matter of development economics in more comfortable a and theories relating to the economics of development and planning, thereby enabling The objective of this course is to familiarize the students with the well-known confident ways.

## Course Outline

### Unit 1: Fundamentals of Economic Development

Measurement and international comparison of economic development; convergence debate dualistic models by Todaro, Lewis, Ranis and Fei; use and measurements of labour surplus in the agricultural sector.

### Unit 2: Well-known Development Strategies

Balanced versus unbalanced growth-Schumpeter; Rosenstein-Rodan, Nurkse, Hirschman and Leibenstein theories; empirical testing of balanced versus unbalanced growth; foreign investment (direct, portfolio) and development - pros and cons.

### Unit 3: Prominent Growth Models

Classical; Karl Marx; Schumpeter; Harrod-Domar; neoclassical (Solow-Swan); human capital -meaning, measurement, processes and returns to investment; endogenous growth models (Lucas- Romer); optimal growth models.

### Unit 4: Planning for Development

Rationale for planning in liberalized regime; planning types; two-gap model; consistency and optimization in plans; plan implementation and evaluation; investment criteria; trade and development - dependency theory; Prebisch-Singer and Myrdal views; trade policy- import substitution versus export promotion; role of policy in economic development.

## References:

- Eckaus, R.S. and Parik, K.S., 1972, Planning for Growth, MIT Press, Cambridge.  
Griffin, K.B. and Enos, J.L., 1970, Planning Development, Addison Wisely, London.  
Meier, G.M. (ed.), 2005, Learning Issues in Economic Development, Oxford University Press, New York.  
Sen, A.K. (ed.), 1999, Growth Economics, Penguin, New Delhi.  
Singh, S.P. (ed.), Underdevelopment to Development Economics, Oxford University Press, New York.  
Thirlwall, A.P. (ed.), 2008, Growth and Development with Special Reference to Developing Countries, Palgrave MacMillan, London.  
Todaro, M.P., 2008, Economic Development in the Third World, Pearson Education, New Delhi.  
Todaro, R., 2008, Development Planning Models and Methods, Pearson Education, New Delhi.  
Yotopoulos, P.A. and J.B. Nugent, 1976, Economics of Development: Empirical Investigations, Harper and Row, New York.

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## 544B: International Economics II

**Credits:3**

### Aim and Objective

This course will provide students with thorough understanding about the broad principles and theories in international economics which will thus assist them in gaining important insights to the economic policies at the national and international levels and the impacts of globalization on income, employment and living levels in the concurrent international situation and they can serve better in the arena of international economic affairs in their professional life.

### Course Outline

#### **Unit 1: Organizations for Trade and Economic Development**

Salient features, functions, achievements and failings of ADB, IBRD (WB), GATT, WTO TRIPS, TRIMS), UNCTAD, UNIDO, and IMF, especially in relation to Nepal; conditionality clause of the IMF; emerging international monetary system with special reference to Post-Maastricht developments and developing countries; reform of the international monetary system.

#### **Unit 2: Foreign Exchange (FOREX)**

The foreign exchange market - functions, international payment, transactions in the foreign exchange market; determination of exchange rates; exchange control-objectives, methods; exchange rate systems; relative merits and demerits of fixed and flexible exchange rates in the context of growth and development in developing economies; convertibility of the Nepalese rupee; currency devaluation and revaluation with special reference to Nepalese rupees.

#### **Unit 3: Balance of Trade (BOT) and Balance of Payments (BOP)**

Components of the balance of payments; equilibrium and disequilibrium in the balance of payments; critical review of the monetary approach to the theory of balance of payments adjustment; foreign trade multiplier with and without foreign repercussions.

#### **Unit 4: Multinational Corporations (MNCs)**

Investment patterns and motives in the contemporary world economy; MNCs and the international trade; MNCs in Nepal; international capital flows - classifications, foreign private investment, FDI, FII; foreign investments in Nepal and government policies in this context; international debt problems -magnitude and relief measures.

#### **Unit 5: Trade Related Policies in Nepal**

Trade related problems and policies in the country; recent changes in the direction and composition of trade and their implications; globalization and its rationale; impacts of trade reforms on the balance of payment situation, employment and economic growth; problems of Nepal's international debt; instruments of export promotion and recent import and export policies and the agenda for the future.

#### **References:**

Salvatore, D., 1997, International Economics, Prentice Hall, New York. Soderston, B., 1991, International Economics, Macmillan Press, London.

Aggarwal, M.R., 1979, Regional Economic Cooperation in South Asia, S. Chand and Company, New Delhi.

Bhagwati, J. (ed.), 1981, International Trade: Selected Readings, Cambridge University Press, Massachusetts.

Chacholiades, M., 1990, International Trade: Theory and Policy, McGraw Hill, Tokyo.

Krugman, P.R. and M. Obstfeld, 1994, International Economics: Theory and Policy, Glenview, Foresman.

## DE S44C: Public Economics II

Credits:3

### Aim and Objective

This course intends to familiarize the students with the practical problems pertaining to economy at the public level in the country, including such crucial public economy issues as public debt, and fiscal and monetary policies and problems and prospects of national, regional and local financing. It aims at enabling students to handle public economy related matters in their professional undertakings with competence and confidence.

### Course Outline

#### Unit 1: Basics of Public Debt

The classical view of public debt; compensatory aspects of debt policy; burden of public debt; sources of public debt; debt through created money; public borrowing and price level; principles of debt management and repayment.

#### Unit 2: Fiscal Policy Matters

Objectives of fiscal policy - full employment, anti-inflation, economic growth, redistribution of income and wealth; interdependence of fiscal and monetary policies; budgetary deficit and its implications; fiscal policy for stabilization - automatic versus discretionary stabilization; alternative measures of resource mobilization and their impact on economic growth, distribution and prices; balanced budget multiplier.

#### Unit 3: Fiscal Decentralization

Fiscal decentralization in Nepal; vertical and horizontal imbalance; assignment of function and sources of revenue; constitutional provisions; finance commission and planning commission; devolution of resources and grants; criteria for transfer of resources; centre- periphery financial relations in Nepal; problems of states' resources and indebtedness; transfer of resources from state to and regional and local bodies.

#### Unit 4: Public Finances in Nepal

The tax system; revenue of the state, regional and local bodies; the major types of taxes in Nepal; base of taxes; direct and indirect taxes; taxation of agriculture; expenditure tax; reforms in direct and indirect taxes; taxes on services; non-tax revenue of the central, regional and local bodies; the analysis of central and state government budgets.

### References:

- Atkinsin, A.B. and J.E. Siglitz, 1980, Lectures on Public Economics, Tata McGraw Hill, New York.  
Auerbach, A.J. and M. Feldstern (eds.), 1985, Handbook of Public Economics, Vol. I, North Holland, Amsterdam.  
Buchanan, J.M., 1970, The Public Finances, Richard D. Irwin, Homewood.  
Goode, R., 1986, Government Finance in Developing Countries, Tata McGraw Hill, New Delhi.  
Houghton, J.M., 1970, The Public Finance: Selected Readings, Penguin, Harmondsworth.  
Jha, R., 1998, Modern Public Economics, Rutledge, London.  
Menutt, P., 1996, The Economics Public Choice, Edward Elgar, London.  
Musgrave, R.A. and P.B. Musgrave, 1976, Public Finance in Theory and Practice, McGraw Hill, Tokyo.  
Musgrave, R.A., 1959, The Theory of Public Finance, McGraw Hill, Tokyo.  
Shome, P. (ed), 1995, Tax Policy Handbook, International Monetary Fund, Washington D.C. Shoup, C.S., 1970, Public Finance, Aldine, Chicago.

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# DE 544D: Welfare Economics

Credits:3

## Aim and Objective

The objective of this course is to provide students with the knowledge of welfare economics and make them understand and appreciate the importance of welfare efforts and measures the objective of this course is to provide students with the knowledge of welfare economics and ambitions in students for their contribution to socioeconomic welfare of the people in attaining goals of comprehensive human development. This will instill positive attitudes and places they work for.

## Course Outline

### Unit 1: Conceptual and Measurement Issues

Benthamite approach to aggregate welfare; optimum resource allocation and welfare maximization; assumption of uniform income - utility function of individuals; question income distribution; issue of interpersonal comparisons of utility; Marshallian welfare economics; consumer's surplus; measurement of consumer's surplus-difficulties involved and the criticism.

### Unit 2: Paretian Welfare Economics

Pigovian welfare economics; divergence between private and social costs; problems of non-market interdependence; externalities of production and consumption; external economies and diseconomies; problem of public goods; Pareto optimality - optimum exchange conditions, the production optimum, the consumption optimum; concept of contract curve; top level optimum; infinite number of non-comparable optima versus unique social optimum; compensation criteria - contributions of Barone, Kaldor and Hicks; the Scitovsky double criterion.

### Unit 3: Modern Welfare Economics

Hicks' four compensation principle; concepts of consumer's surplus and commodity indifference map; Samuelson's utility possibility curve; value judgments and welfare in economics; Bergson's social welfare function; Arrow's impossibility theorem.

### Unit 4: Some Recent Developments in Welfare Economics

Review of the two fundamental theorems of the traditional welfare economics, its axioms and critique; endogeneity of preference; conflict between individual and social rationality; impracticability of redistribution of resources; the principle of normative individualism; evolutionary approach to social welfare; replacement of traditional paradigm of welfare by human development; institutional restructuring of individual choices.

## References:

- Arrow, K.J., 1951, Social choice and Individual Values, Yale University Press, New Haven. Baumol, W.J., 1965, Welfare Economics and the Theory of the State, Longmans, London. Baumol, W.J. (ed.), 2001, Welfare Economics, Edward Elgar, London.
- Broadway, R.W. and N. Bruce, 1984, Welfare Economics, Basil Blackwell, Oxford.
- Feldman, A.M., 1980, Welfare Economics and Social Choice Theory, Martinus Nijhoff, Boston.
- Little, I.M.D., 1939, A Critique of Welfare Economics, Oxford University Press, Oxford. Myint, H., 1948, Welfare Economics, Macmillan, London.
- Pigou, A.C., 1962, The Economics of Welfare, Macmillan, London.
- Duesenberry, J.S., 1949, Income, Saving and the Theory of Consumer Behavior, Harvard University Press, Cambridge.
- Graaff J. de V., 1957, Theoretical Welfare Economics, Cambridge University Press, Cambridge. Marshall, A., 1946, Principles of Economics, Macmillan, London.
- Nicholas, B. (ed.), 2001, Economic Theory and the Welfare State, Edward Elgar, London Quirk, J. and R. Saposnik, 1968, Introduction to General Equilibrium Theory and Welfare Economics, McGraw Hill, New York.
- Samuelson, P.A., 1947, Foundations of Economic Analysis, Harvard University Press Cambridge.

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# DE 544E: Industrial Economics

Credits:3

## Aims and Objectives

utilization and the debates involved in industrial development so that they can have a about the basic industrial sector related issues such as productivity, efficiency, capacity The aim and objective of this course is to provide the students with the analytical knowledge thorough understanding of the economics of industry.

## Course Outline

### Unit 1: Fundamental Concepts in Industrial Economics

Concept and organization of a firm - ownership control and objectives of a firm; passive productivity, efficiency and capacity utilization; the role of industrialization in economic and active behavior of firm; concepts and measurement of size, growth, profitability, development; factors for and against industrial sector development.

Unit 2: Industrial Location and Regional Economic Development Determinants of industrial location - technical, economic, infrastructural and others; theories of industrial location (by Weber, August Losch, Sargant Florence); development of backward areas/regions; state policy and approach for the development of backward areas; recent plans/programmes/projects for the development of economically backward areas.

### Unit 3: Industrial Structure and Productivity

Alternative patterns of industrialization - Hoffman's hypothesis of capitalistic economies, Simon Kuznet's interpretation; industrialization and planned economies; Cheney's patterns of industrial changes; industrial production and productivity trends in Nepal; labour productivity - factors influencing it.

### Unit 4: Appraisal of Industrial Projects

Classification of industries; industrial policies and industrial acts/legislations in Nepal; the role of public and private sectors in industrial growth and development; recent trends in joint ventures, multinational corporation (MNCs), and foreign direct investment (FDI); issues in industrial proliferation, concentration, distribution and environmental pollution versus preservation; pollution control policy and other measures, project appraisals - cost-benefit analysis (CBA), net present value (NPV) and internal rate of return (IRR); industrial sickness.

### Unit 5: Industrial Finance

Owned, external and components of funds - role, nature, volumes, and types of institutional finance (bank and non-bank); financial statement analysis.

## References:

Barthwal, R.R., 1985, Industrial Economics, Wiley Eastern Ltd, New Delhi.

CBS, Statistical Pocket Book, and other statistical publications, (various), Central Bureau of Statistics (CBS), Kathmandu.

**Cherunilam, F., 1994, Industrial Economics: Indian Perspective, Himalaya Publishing House, Mumbai.**

Divine P.J. et al., 1976, An Introduction to Industrial Economics, George Allen and Unwin Ltd, London.

Hay, D. and D. J. Morris, 1979, Industrial Economics: Theory and Evidence, Oxford University Press, New Delhi.

MoF, Economic Survey, and other relevant publications and data, (various), Ministry of Finance (MOF), Kathmandu.

Singh, A. and A.N Sadhu, 1988, Industrial Economics, Himalaya Publishing House, Mubai

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