

**Centre for International Trade and Development**

**School of International Studies**

**Course:** MA

**Course Title:** Topics in Development Microeconomics

**Course Type:** Optional

**Course Teacher:** Dr. Priya Bhagowalia

**Credits:** 4 credits

**Contact Hours:** 4 per week

**Intended for:** MA (Economics), CITD JNU

**Course objectives**

This course will provide an understanding of the literature on the microeconomics of development. The course aims to equip students with theoretical and applied tools, to systematically analyze problems faced by developing countries.

Students will study the roles of the state, market and private agents in different development scenarios focusing on how it affects the decision – making process of poor households. Topics covered will include the behavior of peasant households, the extent and severity of poverty with a focus on issues of health, nutrition, gender, education and credit.

**Learning Outcomes**

By the end of the course, students will be able to

- Student will be able to understand economic models of household behavior
- Students will be able to interpret empirical analyses to understand impact of difference economic instruments
- Students will learn how to critically review literature

**Prerequisites**

Microeconomics; Mathematical Economics, Statistics and econometrics, Economic Development I

**Evaluation Methods**

Presentation

Exams- Final

**Course Content**

I: Agricultural household models :the model and its assumptions, Extensions of the model, separation property

**II:**The rural economy and credit: adverse selection and moral hazard, models with limited liability and joint Liability, banking and microcredit

**III:** Distribution within households : Unitary versus collective models of the household, Asset ownership and transfers, Relative incomes and women's bargaining power

**IV:** Health: Measures, Demand for and supply of health care, effectiveness of public and private interventions for health

**V:** Education: determinants of access to education, economic model of education, econometric techniques used to assess quality of education

### **Suggested Readings**

This is an indicative, not an exhaustive reading list. It will be updated and supplemented with published articles. Newer literature may be added to replace an article. Students are expected to take an interest in and critically comment on development policies.

Bardhan, P and C. Udry. (2000). *Development Microeconomics* Oxford University Press: New York, Chapters 1 & 2

Singh, I., L. Squire, and J. Strauss. (1986). "Agricultural Household Models: Extensions, Applications and Policy, Johns Hopkins University Press. Chapter 2

Schady, N., &Rosero, J. (2008). Are cash transfers made to women spent like other sources of income?. *Economics Letters*, 101(3), 246-248.

Qian, N. (2008). Missing women and the price of tea in China: The effect of sex-specific earnings on sex imbalance. *The Quarterly Journal of Economics*, 123(3), 1251-1285

Cohen, J. and P. Dupas (2007) Free Distribution of Cost- Sharing? Evidence form a Randomized Malaria Prevention Experiment. *Global Economy & Development Working Paper 11, December 2007*

Glewwe, Paul and Michael Kremer (2006). "Schools, Teachers, and Education Outcomes in Developing Countries," in *Handbook on the Economics of Education*, Elsevier.

Ghosh, P., Mookherjee, D. and D. Ray (2000), "Credit Rationing in Developing Countries: An Overview of the Theory," Chapter 11 in *Readings in the Theory of Economic Development*, edited by D. Mookherjee and D. Ray, London: Blackwell.

Ghatak, M., &Guinnane, T. W. (1999). The economics of lending with joint liability: theory and practice. *Journal of development economics*, 60(1), 195-228.

Barrett, C. B., & Carter, M. R. (2010). The power and pitfalls of experiments in development economics: some non-random reflections. *Applied economic perspectives and policy*, 32(4), 515-548.

