

Title: Topics in Development Microeconomics

Credits: 4 credits

Total hours: 42

Faculty: Dr. Priya Bhagowalia

Goals

This course will provide an understanding of the literature on the microeconomics of development. The course is issue based and aims to equip students with theoretical and applied tools, to systematically analyze problems faced by developing countries. It will use economic theory to examine the nature of economic inequality and poverty at the individual and household levels.

Prerequisites

Microeconomics; Statistics and econometrics, Economic Development I

Evaluation

Term Paper including presentation

Assignment

Exam

Topics

I: Agricultural household models

- model with complete markets and separation hypothesis
- model with missing markets

II: Distribution within households

- Gender bias and intra household allocations
- Asset ownership, price changes and women's bargaining power
- Unitary versus collective models of the household

III: Investment in human capital

(a) Nutrition and health

- supply and demand for health and nutrition
- public and private interventions for health

(b) Education:

- determinants of access to education
- private and social returns to education

*** IV: The rural economy**

(a) credit and insurance

- adverse selection and moral hazard
- Microfinance
- Formal and informal risk sharing

(b) Land

- institutional arrangements and markets
- agricultural investments

* This module will be included if time permits.

Suggested Readings

This is an indicative, not an exhaustive reading list. It will be updated and supplemented with published articles.

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

De Janvry, A., Fafchamps, M., & Sadoulet, E. (1991). Peasant household behavior with missing markets: Some paradoxes explained. *The Economic Journal*, 101(409), 1400-1417

Deaton, A. (1997). *The analysis of household surveys: a microeconomic approach to development policy*. World Bank Publications

Banerjee, A. and E. Duflo. (2006). "The Economic Lives of the Poor", *Journal of Economic Perspectives*, 21(1), 141-167

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