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# **SYLLABUS FOR B.A. (HONOURS) ECONOMICS**

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**UNDER CHOICE BASED CREDIT SYSTEM**



**2015**  
**S.K.C.G. AUTONOMOUS COLLEGE,**  
**PARALAKHEMUNDI**

## SYLLABUS FOR B.A. (HONOURS) ECONOMICS UNDER CHOICE BASED CREDIT SYSTEM

### Course Structure for B.A. (Honours) Economics

There are a total of fourteen economics core courses that students are required to take across six semesters. All the core courses are compulsory. In addition to core courses in economics, a student of B.A. (Honours) Economics will choose four Discipline Specific Elective (DSE) Courses. The DSE Courses are offered in the fifth and sixth semesters and two such courses will be selected by a student from a set of courses specified for each of these semesters (Groups I and II in the attached table). It is recommended that each college should offer at least three DSE Courses in the fifth and sixth semesters to allow the students some minimal element of choice.

Contact Hours: Each course has 5 lectures and 1 tutorial (per group) per week. The size of a tutorial group is 8-10 students.

Note on Course Readings: The nature of several of the courses is such that only selected readings can be specified in advance. Reading lists will be updated and topic-wise readings will be specified at regular intervals, ideally on an annual basis.

### Course Structure for B.A. (Honours) Economics

#### Semester I

1. **Economics Core Course 1:**  
Introductory Microeconomics
2. **Economics Core Course 2:**  
Mathematical Methods for  
Economics I
3. **AECCI:**  
Environmental Studies
4. Generic Elective Course **(GE) I**

#### Semester II

1. **Economics Core Course 3:**  
Introductory Macroeconomics
2. **Economics Core Course 4:**  
Mathematical Methods for  
Economics II
3. **AECCII:**  
MIL (Odia / AE)
4. Generic Elective Course **(GE) II**

#### Semester III

1. **Economics Core Course 5:**  
Microeconomics I
2. **Economics Core Course 6:**  
Macroeconomics I
3. **Economics Core Course 7:**  
Statistical Methods for  
Economics
4. Skill Enhancement Course  
**(SEC) I:** English
5. **GEIII**

#### Semester IV

1. **Economics Core Course 8:**  
Microeconomics II
2. **Economics Core Course 9:**  
Macroeconomics II
3. **Economics Core Course 10:**  
Public Economics
4. Skill Enhancement Course  
**(SEC) II**
5. **GEIV**

### Semester V

1. **Economics Core Course 11:**  
Indian Economy I
2. **Economics Core Course 12:**  
Development Economics I
3. **Discipline Specific Electives (DSE) Course I**  
(From List of Group I)
4. **Discipline Specific Electives (DSE) Course II**  
(From List of Group I)

### Group I

1. Economics of Health and Education
2. Economic History of India (1857-1947)
3. Topics in Microeconomics
4. Advanced Macroeconomics
5. Money and Financial Markets
6. Basic Econometrics
7. Odisha Economy
8. Research Methodology

### Semester VI

1. **Economics Core Course 13:**  
Indian Economy II
2. **Economics Core Course 14:**  
Development Economics II
3. **Discipline Specific Electives (DSE) Course III**  
(From List of Group II)
4. **Discipline Specific Electives (DSE) Course IV**  
(From List of Group II)

### Group I

1. Dissertation / Project
2. Political Economy
3. Comparative Economic Development (1850-1950)
4. Environmental Economics
5. Applied Econometrics
6. International Economics
7. Industrial Economics
8. Agricultural Economics

### Skill Enhancement Courses

1. Data Analysis and Computer Application
2. Financial Economics

## Syllabus for BA

### Core and Discipline Specific Electives (DSE) Courses in Economics

#### Semester I

##### Core Economics I:

Principles of Microeconomics I

#### Semester II

##### Core Economics II:

Principles of Microeconomics II

#### Semester III

##### Core Economics III:

Principles of Macroeconomics I

#### Semester IV

##### Core Economics IV:

Principles of Macroeconomics II

#### Semester V

##### Discipline Specific Electives I

One of the following:

1. **DSE 1:** Economic Development and Policy in India
2. **DSE 2:** Economic History of India 1857-1947

#### Semester VI

##### Discipline Specific Electives II

One of the following:

1. **DSE 3:** Odisha Economy
2. **DSE 4:** Money and Banking

## **Core Economics Course 1: INTRODUCTORY MICROECONOMICS**

### **Course Description**

This course is designed to expose the students to the basic principles of microeconomic theory. The emphasis will be on thinking like an economist and the course will illustrate how microeconomic concepts can be applied to analyze real-life situations.

### **Module I: Exploring the subject matter of Economics**

Why study economics? Scope and method of economics; the economic problem: scarcity and choice; the question of what to produce, how to produce and how to distribute output; science of economics; the basic competitive model; prices, property rights and profits; incentives and information; rationing; opportunity sets; economic systems; reading and working with graphs.

### **Module II: Supply and Demand: How Markets Work, Markets and Welfare**

Markets and competition; determinants of individual demand/supply; demand/supply schedule and demand/supply curve; market versus individual demand/supply; shifts in the demand/supply curve, demand and supply together; how prices allocate resources; elasticity and its application; controls on prices; taxes and the costs of taxation; consumer surplus; producer surplus and the efficiency of the markets.

### **Module III: The Households**

The consumption decision - budget constraint, consumption and income/price changes, demand for all other goods and price changes; description of preferences (representing preferences with indifference curves); properties of indifference curves; consumer's optimum choice; income and substitution effects; labour supply and savings decision - choice between leisure and consumption.

### **Module IV: The Firm and Market Structures**

Behaviour of profit maximizing firms and the production process; short run costs and output decisions; costs and output in the long run; Monopoly and anti-trust policy; government policies towards competition; imperfect competition

### **Module V: Input Markets**

Labour and land markets - basic concepts (derived demand, productivity of an input, marginal productivity of labour, marginal revenue product); demand for labour; input demand curves; shifts in input demand curves; competitive labour markets; and labour markets and public policy.

### **Readings**

1. N. Gregory Mankiw (2012): *Principles of Economics*, 6<sup>th</sup> edition, Cengage Learning India Private Limited, New Delhi
2. William A McEachern and Simrit Kaur (2012): *Micro Econ: A South-Asian Perspective*, Cengage Learning India Private Limited, New Delhi.
3. Karl E. Case and Ray C. Fair (2007): *Principles of Economics*, 8<sup>th</sup> Edition, Pearson Education Inc.
4. Joseph E. Stiglitz and Carl E. Walsh (2007): *Economics*, 4th Edition, W.W. Norton & Company, Inc., New York.

**Core Economics Course 2: MATHEMATICAL METHODS FOR ECONOMICS I****Course Description**

This is the first of a compulsory two-course sequence. The objective of this sequence is to transmit the body of basic mathematics that enables the study of economic theory at the undergraduate level, specifically the courses on microeconomic theory, macroeconomic theory, statistics and econometrics set out in this syllabus. In this course, particular economic models are not the ends, but the means for illustrating the method of applying mathematical techniques to economic theory in general. The level of sophistication at which the material is to be taught is indicated by the contents of the prescribed textbook.

**Module I: Preliminaries**

Sets and set operations; relations; functions and their properties; Number systems

**Module II: Functions of one real variable**

Types of functions- constant, polynomial, rational, exponential, logarithmic; Graphs and graphs of functions; Limit and continuity of functions; Limit theorems

**Module III: Derivative of a function**

Rate of change and derivative; Derivative and slope of a curve; Continuity and differentiability of a function; Rules of differentiation for a function of one variable; Application- Relationship between total, average and marginal functions

**Module IV: Functions of two or more independent variables**

Partial differentiation techniques; Geometric interpretation of partial derivatives; Partial derivatives in Economics; Elasticity of a function – demand and cost elasticity, cross and partial elasticity

**Module V: Matrices and Determinants**

Matrices: concept, types, matrix algebra, transpose, inverse, rank; Determinants: concept, properties, solving problems using properties of determinants, solution to a system of equations - Cramer's rule and matrix inversion method.

**Readings:**

1. K. Sydsaeter and P. J. Hammond (2002): *Mathematics for Economic Analysis*. Pearson Educational Asia
2. A. C. Chiang and K. Wainwright (2005): *Fundamental Methods of Mathematical Economics*, McGraw Hill International Edition.
3. T. Yamane (2012): *Mathematics for Economists*, Prentice-Hall of India

## **Core Economics Course 3: INTRODUCTORY MACROECONOMICS**

### **Course Description**

This course aims to introduce the students to the basic concepts of Macroeconomics. Macroeconomics deals with the aggregate economy. This course discusses the preliminary concepts associated with the determination and measurement of aggregate macroeconomic variable like savings, investment, GDP, money and inflation.

### **Module I: Basic Concepts**

Macro vs. Micro Economics; Why Study Macroeconomics? Limitations of Macroeconomics ; Stock and Flow variables, Equilibrium and Disequilibrium, Partial and General Equilibrium Statics – Comparative Statics and Dynamics ; National Income Concepts – GDP, GNP, NDP and NNP at market price and factor cost; Personal Income and Disposable personal Income; Real and Nominal GDP

### **Module II: Measurement of Macroeconomic Variables**

Output, Income and Expenditure Approaches ; Difficulties of Estimating National Income; National Income Identities in a simple 2- sector economy and with government and foreign trade sectors; Circular Flows of Income in 2, 3 and 4-sector; economies; National Income and Economic Welfare ; Green Accounting.

### **Module III: Money**

Evolution and Functions of Money, Quantity Theory of Money – Cash Transactions, Cash Balances and Keynesian Approaches, Value of Money and Index Number of Prices

### **Module IV: Inflation, Deflation, Depression and Stagflation**

Inflation – Meaning, Causes, Costs and Anti-Inflationary Measures; Classical, Keynesian, Monetarist and Modern Theories of Inflation, Deflation- Meaning, Causes, Costs and Anti-Deflationary Measures, Depression and Stagflation; Inflation vs. Deflation

### **Module V: Determination of National Income**

The Classical Approach - Say's Law, Theory of Determination of Income and Employment with and without saving and Investment; Basics of Aggregate Demand and Aggregate Supply and Consumption- Saving – Investment Functions, The Keynesian Approach – Basics of Aggregate Demand and Aggregate Supply and Consumption, Saving, Investment Functions; The Principle of Effective Demand; Income Determination in a Simple 2-Sector Model; Changes in Aggregate Demand and Income- The Simple Investment Multiplier; Income Determination in a 3-Sector Model with the Government Sector and Fiscal Multipliers

### **Readings:**

1. N. Gregory Mankiw (2010): *Macroeconomics*, 7th edition, Cengage Learning India Private Limited, New Delhi
2. Richard T. Froyen (2005): *Macroeconomics*, 2<sup>nd</sup> Edition, Pearson Education Asia, New Delhi.
3. Errol D'Souza (2009): *Macroeconomics*, Pearson Education Asia, New Delhi.
4. Shapiro
5. D N Dwivedi

**Core Economics Course 4: MATHEMATICAL METHODS FOR ECONOMICS II****Course Description**

This course is the second part of a compulsory two-course sequence. This part is to be taught in Semester II following the first part in Semester I. The objective of this sequence is to transmit the body of basic mathematics that enables the study of economic theory at the undergraduate level, specifically the courses on microeconomic theory, macroeconomic theory, statistics and econometrics set out in this Syllabus. In this course, particular economic models are not the ends, but the means for illustrating the method of applying mathematical techniques to economic theory in general. The level of sophistication at which the material is to be taught is indicated by the contents of the prescribed textbook.

**Module I: Linear models:**

Input- Output Model: Basic concepts and structure of Leontief's open and static Input-Output model; solution for equilibrium output in a three industry model; The closed model

**Module II: Second and higher order derivatives:**

Technique of higher order differentiation; Interpretation of second derivative; Second order derivative and curvature of a function; Concavity and convexity of functions; Points of inflection

**Module III: Differentials and total derivatives:**

Differentials and derivatives; Total differentials; Rules of differentials; Total derivatives; Derivatives of implicit functions

**Module IV: Single and multivariable optimisation:**

Optimum values and extreme values; Relative maximum and minimum; Necessary versus sufficient conditions - First and Second derivative tests; Economic applications thereof, First and second order condition for extremum of multivariable functions; Convex functions and convex sets

**Module V: Optimisation with Equality Constraints:**

Effects of a constraint; Finding stationary value - Lagrange-Multiplier method (Two variable single constraint case only): First and second order condition; The Bordered Hessian determinant.

**Readings:**

1. K. Sydsaeter and P. J. Hammond (2002): *Mathematics for Economic Analysis*. Pearson Educational Asia
2. A. C. Chiang and K. Wainwright (2005): *Fundamental Methods of Mathematical Economics*, McGraw Hill International Edition.
3. T. Yamane (2012): *Mathematics for Economists*, Prentice-Hall of India



## **Core Economics Course 5: MICROECONOMICS I**

### **Course Description**

The course is designed to provide a sound training in microeconomic theory to formally analyze the behaviour of individual agents. Since students are already familiar with the quantitative techniques in the previous semesters, mathematical tools are used to facilitate understanding of the basic concepts; this course looks at the behaviour of the consumer and the producer and also covers the behaviour of a competitive firm.

### **Course Outline**

#### **Module I: Consumer Theory I**

Economic Models: Theoretical Model, Verification of Economic Model, General Feature of Economic Model, Development of Economic Theory of Value, Modern Developments; Preferences and Utility: Axioms of Rational Choice, Utility, Trades and Substitutions, The Mathematics of Indifference Curves, Utility Functions for Specific Preferences, The Many-Good case; Utility Maximization and Choice: The Two-Good Case (Graphical Analysis), The n-Good Case, Indirect Utility Function, The Lump Sum Principle, Expenditure Minimization, Properties of Expenditure Function

#### **Module II: Consumer Theory II**

Income and Substitution Effects: Demand Functions, Changes in Income, Changes in a Good's Price, The Individual's Demand Curve, Compensated (Hicksian) Demand Curves and Functions, Demand Elasticities, Consumer Surplus; Demand Relationships among Goods: The Two-Good Case, Substitutes and Complements, Net (Hicksian) Substitutes and Complements, Substitutability with Many Goods, Composite Commodities, and Home Production, Attributes of Goods and Implicit Prices

#### **Module III: Production Theory**

Marginal Productivity, Isoquant Maps and the Rate of Technical Substitution, Production with One Variable Input (labour) and with Two-Variable Inputs, Returns to Scale, Four Simple Production Functions (Linear, Fixed Proportions, Cobb-Douglas, CES), Technical Progress

#### **Module IV: Cost Functions**

Definition of Costs, Cost Functions and its Properties, Shift in Cost Curves, Cost in the Short-Run and Long-Run, Long-Run versus Short-Run Cost Curves, Production with Two Outputs – Economies of Scope

#### **Module V: Profit Maximization**

The Nature and Behaviour of Firms, Profit Maximization, Marginal Revenue, Short-Run Supply by Price-Taking Firm, Profit Functions and its Properties, Profit Maximization and Input Demand – Single-Input Case and Two-Input Case.

### **Readings:**

1. C. Snyder and W. Nicholson (2012): Microeconomic Theory: Basic Principles and Extensions, 11<sup>th</sup> Edition, Cengage Learning, Delhi, India.
2. R. S. Pindyck, D. N. Rubinfeld and P. L. Meheta (2009): Microeconomics, 7<sup>th</sup> Edition, Pearson, New Delhi.
3. H. R. Varian (2010): Intermediate Microeconomics: A Modern Approach, 8<sup>th</sup> Edition, W.W. Norton and Company/Affiliated East-West Press (India). The workbook by Varian and Bergstrom may be used for problems.

**Core Economics Course 6: MACROECONOMICS I****Course Description**

This course introduces the students to formal modelling of a macro-economy in terms of analytical tools. It discusses various alternative theories of output and employment determination in a closed economy in the short run as well as medium run, and the role of policy in this context. It also introduces the students to various theoretical issues related to an open economy.

**Module I: Consumption Function**

Consumption – Income Relationship, Propensities to Consume and the Fundamental Psychological Law of Consumption; Implications of Keynesian Consumption Function; Factors Influencing Consumption Function; Measures to Raise Consumption Function; Absolute, Relative, Permanent and Life – Cycle Hypotheses

**Module II: Investment Function**

Autonomous and Induced Investment, Residential Investment and Inventory Investment, Determinants of Business Fixed Investment, Decision to Invest and MEC, Accelerator and MEI Theories of Investment.

**Module III: Demand for and Supply of Money**

Demand for Money – Classical, Neoclassical and Keynesian Approaches, The Keynesian Liquidity Trap and its Implications, Supply of Money – Classical and Keynesian Approaches, The Theory of Money Supply Determination and Money Multiplier, Measures of Money Supply in India

**Module IV: Aggregate Demand and Aggregate Supply**

Derivation of Aggregate Demand and Aggregate Supply Curves in the IS-LM Framework; Nature and Shape of IS and LM curves; Interaction of IS and LM curves and Determination of Employment, Output, Prices and Investment; Changes in IS and LM curves and their Implications for Equilibrium

**Module V: Inflation, Unemployment and Expectations, and Trade Cycles**

Inflation – Unemployment Trade off and the Phillips Curve – Short run and Long run Analysis; Adaptive and Rational Expectations; The Policy Ineffectiveness Debate; Meaning and Characteristics of Trade Cycles; Hawtrey's Monetary Theory, Hayek's Over-investment Theory and Keynes' views on Trade Cycles

**Readings:**

1. N. Gregory Mankiw (2010): *Macroeconomics*, 7th edition, Cengage Learning India Private Limited, New Delhi
2. Richard T. Froyen (2005): *Macroeconomics*, 2<sup>nd</sup> Edition, Pearson Education Asia, New Delhi.
3. Errol D'Souza (2009): *Macroeconomics*, Pearson Education Asia, New Delhi.

**Core Economics Course 7: STATISTICAL METHODS FOR ECONOMICS****Course Description**

This is a course on statistical methods for economics. It begins with some basic concepts and terminology that are fundamental to statistical analysis and inference. It then develops the notion of probability, followed by probability distributions of discrete and continuous random variables and of joint distributions. This is followed by a discussion on sampling techniques used to collect survey data. The course introduces the notion of sampling distributions that act as a bridge between probability theory and statistical inference. The semester concludes with some topics in statistical inference that include point and interval estimation.

**Module I: Data Collection and measures of central tendency and dispersion**

Basic concepts: population and sample, parameter and statistic; Data Collection: primary and secondary data, methods of collection of primary data; Presentation of Data: frequency distribution; cumulative frequency; graphic and diagrammatic representation of data; Measures of Central Tendency: mean, median, mode, geometric mean, harmonic mean, their relative merits and demerits; Measures of Dispersion: absolute and relative - range, mean deviation, standard deviation, coefficient of variation, quartile deviation, their merits and demerits; Measures of skewness and kurtosis.

**Module II: Correlation Analysis**

Correlation: scatter diagram, sample correlation coefficient - Karl Pearson's correlation coefficient and its properties, probable error of correlation coefficient, Spearman's rank correlation coefficient, partial and multiple correlation.

**Module III: Regression Analysis**

Two variable linear regression analysis - estimation of regression lines (Least square method) and regression coefficients - their interpretation and properties, standard error of estimate

**Module IV: Time Series and Index Number**

Time Series: definition and components, measurement of trend- free hand method, methods of semi-average, moving average and method of least squares (equations of first and second degree only), measurement of seasonal component; Index Numbers: Concept, price relative, quantity relative and value relative; Laspeyer's and Fisher's index, family budget method, problems in construction and limitations of index numbers, test for ideal index number.

**Module V: Probability theory**

Probability: Basic concepts, addition and multiplication rules, conditional probability; Random variables and their probability distribution; Mathematical expectations; Theoretical Distribution: normal distribution - Properties and uses, problems using area under standard normal curve

**Recommended books:**

1. Jay L. Devore (): *Probability and Statistics for Engineering and the Sciences*, Cengage learning, 2010.
2. S. C. Gupta (): *Fundamentals of Statistics*, Himalaya Publishing House, Delhi
3. Murray R. Spiegel (): *Theory & Problems of Statistics*, Schaum's publishing Series.



## Core Economics Course 8: MICROECONOMICS II

### Course Description

This course is a sequel to Microeconomics I. The emphasis will be on giving conceptual clarity to the student coupled with the use of mathematical tools and reasoning. It covers Market, general equilibrium and welfare, imperfect markets and topics under information economics.

#### **Module I: The Partial Equilibrium Competitive Model**

Market Demand, Timing of the Supply Response, Pricing in the Very Short-Run, Short-Run Price Determination, Shifts in Supply and Demand Curves – a Graphical Analysis, Mathematical Model of Market Equilibrium, Long-Run Analysis: Long-Run Equilibrium-Constant Cost Case, Shape of the Long-Run Supply Curve, Long-Run Elasticity of Supply, Comparative Statics An analysis of Long-Run Equilibrium, Producer Surplus in the Long-Run, Economic Efficiency and Welfare Analysis, Price Controls and Shortages, Tax Incidence Analysis

#### **Module II: General Equilibrium and Welfare**

Perfectly Competitive Price System, A Graphical Model of General Equilibrium with Two Goods, Comparative Statics Analysis, General Equilibrium Modelling and Factor Prices, A Mathematical Model of Exchange, A Mathematical Model of Production and Exchange, Computable General Equilibrium Models

#### **Module III: Monopoly**

Barriers to Entry, Profit Maximization and Output Choice, Monopoly and resource Allocation, Monopoly, Product Quality and Durability, Price Discrimination, Second Degree Price Discrimination through Price Schedules, Regulation of Monopoly, Dynamic Views of Monopoly

#### **Module IV: Imperfect Competition**

Short-Run Decisions: Pricing and Output, Bertrand Model, Cournot Model, Capacity Constraints, Product Differentiation, Tacit Collusion, Longer-Run Decisions: Investment, Entry and Exit, Strategic Entry Deterrence, Signaling, How many firms Enter? Innovation

#### **Module V: Labour Markets**

Allocation of Time, A mathematical Analysis of Labour Supply, Market Supply Curve for Labour, Labour Market equilibrium, Wage variation, Monopsony in the Labour Market, Labour Union

#### Readings:

1. C. Snyder and W. Nicholson (2012): Microeconomic Theory: Basic Principles and Extensions, 11<sup>th</sup> Edition, Cengage Learning, Delhi, India.
2. R. S. Pindyck, D. N. Rubinfeld and P. L. Meheta (2009): Microeconomics, 7<sup>th</sup> Edition, Pearson, New Delhi.
3. H. R. Varian (2010): Intermediate Microeconomics: A Modern Approach, 8<sup>th</sup> Edition, W.W. Norton and Company/Affiliated East-West Press (India). The workbook by Varian and Bergstrom may be used for problems.

**Core Economics Course 9: MACROECONOMICS II****Course Description**

This course is a sequel to Macroeconomics I. In this course, the students are introduced to the long run dynamic issues like growth and technical progress. It also provides the micro-foundations to the various aggregative concepts used in the previous course.

**Module I: Financial Markets and Reforms**

Features of Financial Markets, Functions of Financial Markets, Banks and Financial Markets, Adverse Selection and Moral Hazard, Risk and Supply of Credit, The Determination of Banks Asset Portfolio, Financial Repression and Major Financial Sector Reforms in India, Lessons from the Global Financial Crisis and the Policy Response in India

**Module II: Open Economy Macroeconomics**

Balance of payments- Concept, Equilibrium and Disequilibrium, Measures to Correct Disequilibrium, Determination of Foreign Exchange Rate- the PPP Theory and its Implications, Fixed vs. Flexible Exchange Rates, The Short-run open economy Model, the basic Mundell-Fleming Model. International Financial Markets

**Module III: Modelling Economic Growth**

The Basic Harrod- Domar Model, Joan Robinson and the Golden Rule of Capital Accumulation, The Basic Solow Model, Theory of Endogenous Growth – the Rudimentary A-K Model

**Module IV: Macroeconomic Policy**

The Goals of Macroeconomic Policy and of Policy Makers, The Budget and Automatic Fiscal Stabilisers, The Doctrine of Balanced Budget and Keynesian Objections; Concepts of Budget, Revenue and Fiscal Deficits, Fiscal Policy: Objectives and Limits to Discretionary Policy, The Crowding –Out Hypothesis and the Crowding – in Controversy Meaning, Scope and Objectives of Monetary Policy, Instruments of Monetary Policy, the Transmission Mechanism of Monetary Policy, Rules vs. Discretion in Monetary Policy, Implications of Targeting the Interest Rate, Limits to Monetary Policy

**Module V: Schools of Macroeconomic Thought and the Fundamentals of Macroeconomic Theory and Policy**

Classics, Keynes, Monetarists, New Classicals and New Keynesians: (i) Keynes vs. the Classics – Aggregate Demand and Aggregate Supply, Underemployment Equilibrium and Wage Price Flexibility, (ii) Monetarists and Friedman's Reformulation of Quantity Theory, Fiscal and Monetary Policy: Monetarists vs. Keynesians, (iii) The New Classical View of Macroeconomics and the Keynesian Countercritique, (iv) The New Keynesian Economics with reference to the Basic Features of Real Business Cycle Models, the Sticky Price Model.

**Readings:**

1. N. Gregory Mankiw (2010): *Macroeconomics*, 7th edition, Cengage Learning India Private Limited, New Delhi
2. Richard T. Froyen (2005): *Macroeconomics*, 2<sup>nd</sup> Edition, Pearson Education Asia, New Delhi.

3. Errol D'Souza (2009): *Macroeconomics*, Pearson Education Asia, New Delhi.

### **Core Economics Course 10: Public Economics**

#### Course Description

Public economics is the study of government policy from the points of view of economic efficiency and equity. The paper deals with the nature of government intervention and its implications for allocation, distribution and stabilization. Inherently, this study involves a formal analysis of government taxation and expenditures. The subject encompasses a host of topics including public goods, market failures and externalities. The paper is divided into two sections, one dealing with the theory of public economics and the other with the Indian public finances.

#### **Module I: Introduction to public finance**

Public Finance: meaning and scope, distinction between public and private finance; public good versus private good; Principle of maximum social advantage; Market failure and role of government;

#### **Module II: Public Expenditure**

Meaning, classification, principles, canons and effects, causes of growth of public expenditure, Wagner's law of increasing state activities, Peacock-Wiseman hypotheses

#### **Module III: Public Revenue**

Sources of Public Revenue; Taxation - meaning, canons and classification of taxes, impact and incidence of taxes, division of tax burden, the benefit and ability to pay approaches, taxable capacity, effects of taxation, characteristics of a good tax system, major trends in tax revenue of central and state governments in India

#### **Module III: Public Budget**

Public Budget: kinds of budget, economic and functional classification of the budget; Balanced and unbalanced budget; Balanced budget multiplier; Budget as an instrument of economic policy.

#### **Module V: Public Debt**

Sources, effects, debt burden – Classical, Ricardian and other views, shifting - intergenerational equity, methods of debt redemption, debt management, tax versus debt;

#### **Readings:**

1. J. Hindriks and G. Myles (2006): *Intermediate Public Economics*, MIT Press.
2. R. A. Musgrave and P. B. Musgrave (1989): *Public Finance in Theory and Practices*. McGraw Hill
3. B. P. Herber (1975): *Modern Public Finance*.
4. B. Mishra (1978): *Public Finance*, Macmillan India limited.

### **Core Economics Course 11: INDIAN ECONOMY I**

**Course Description**

Using appropriate analytical frameworks, this course reviews major trends in economic indicators and policy debates in India in the post-Independence period, with particular emphasis on paradigm shifts and turning points. Given the rapid changes taking place in India, the reading list will have to be updated annually.

**Module I: Introduction to Indian Economy**

British Rule: exploitation and under development in India; features of Indian economy – natural resources, infrastructure, population;

**Module II: Population and Human Development**

Demographic trends and issues; education; health and malnutrition

**Module III: National Income in India**

National income: trends, sectoral composition;

**Module IV: Economic Planning in India**

Economic planning: Planning Commission and its functions, Planning exercises in India, Objectives, Strategies and achievements.

**Module V: Current Challenges**

Poverty: definition and estimate, poverty line, poverty alleviation programs; Inequality: income and regional inequality – causes and corrective measures; Unemployment: concepts, measurement, types, causes and remedies; Environmental challenges: Land, water and air

**Readings:**

1. U. Kapila (2010): *Indian economy since Independence*. Academic Foundation, New Delhi
2. S. K. Misra and V. K. Puri (Latest Year): *Indian Economy — Its Development Experience*, Himalaya Publishing House, Mumbai
3. S. Chakraborty (): *Development Planning: The Indian Experience*. Clarendon Press.
4. R. Dutt and K. P. M, Sundharam(Latest Year): *Indian Economy*, S. Chand & Company Ltd., New Delhi.
5. A. Panagariya (2008): *India: the Emerging Giant*, Oxford University Press, New York
6. S. Acharya and R. Mohan (Eds.) (2010): *India's Economy: Performance and Challenges*, Oxford University Press, New Delhi.
7. I. J. Ahluwalia and I. M. D. Little(Eds.) (1998): *India's Economic Reforms and Development: Essays for Manmohan Singh*, Oxford University Press, New Delhi.

**Core Economics Course 12: DEVELOPMENT ECONOMICS I****Course Description**



This is the first part of a two-part course on economic development. The course begins with a discussion of alternative conceptions of development and their justification. It then proceeds to aggregate models of growth and cross-national comparisons of the growth experience that can help evaluate these models. The axiomatic basis for inequality measurement is used to develop measures of inequality and connections between growth and inequality are explored. The course ends by linking political institutions to growth and inequality by discussing the role of the state in economic development and the informational and incentive problems that affect state governance.

### **Module I: Conceptions of Development**

Economic development, Economic growth and development, Factors affecting economic development, Obstacles to economic development, Indicators of economic development - National income, Per capita income; Basic needs approach, PQLI, HDI, GDI, Capital formation and economic development, Vicious circle of poverty, circular causation. Alternative measures of development, documenting the international variation in these measures, comparing development trajectories across nations and within them.

### **Module II: Theories of Economic Development & Growth**

Classical theory, Marxian theory of capitalist development, Schumpeterian theory of capitalist development, Harrod-Domar model of steady growth, Neo-Classical growth Model – Solow, Rostow's stages of economic growth

### **Module III: Growth Models and Empirics**

The endogenous growth models, (Romer & Lucas), Human Capital & Growth. Evidence on the determinants of growth, Patterns of Economic Growth, Geography vs institution Debate

### **Module IV: Poverty and Inequality: Definitions, Measures and Mechanisms**

Understanding Prosperity and Poverty: Geography, Institutions, and the Reversal of Fortune, Measuring Poverty, Inequality axioms; a comparison of commonly used inequality measures; connections between inequality and development; poverty measurement; characteristics of the poor; mechanisms that generate poverty traps and path dependence of growth processes

### **Module V: Political Institutions and the Functioning of the State**

Public Goods and Economic Development, State ownership and regulation, government failures, Corruption and Development, The determinants of democracy; alternative institutional trajectories and their relationship with economic performance; within-country differences in the functioning of state institutions

### **Readings:**

1. Debraj Ray (2009): *Development Economics*, Oxford University Press.
2. Partha Dasgupta (2007): *Economics, A Very Short Introduction*, Oxford University Press.
3. Abhijit Banerjee, Roland Benabou and Dilip Mookerjee (2006): *Understanding Poverty*, Oxford University Press.
4. Amartya Sen (2000): *Development as Freedom*, OUP.
5. Daron Acemoglu and James Robinson (2006): *Economic Origins of Dictatorship and Democracy*, Cambridge University Press.
6. Robert Putnam (1994): *Making Democracy Work: Civic Traditions in Modern Italy*, Princeton University Press.

## **Core Economics Course 13: INDIAN ECONOMY II**

### **Course Description**

This course examines sector-specific policies and their impact in shaping trends in key economic indicators in India. It highlights major policy debates and evaluates the Indian empirical evidence. Given the rapid changes taking place in the country, the reading list will have to be updated annually.

### **Model I: Agricultural Development in India**

Indian Agriculture: nature, importance, trends in agricultural production and productivity, factors determining production, land reforms, new agricultural strategies and green revolution, rural credit; Agricultural marketing and warehousing.

### **Module II: Industrial Development in India**

Trends in industrial output and productivities; Industrial Policies of 1948, 1956, 1977 and 1991; Industrial Licensing Policies – MRTP Act, FERA and FEMA; Growth and problems of SSIs, Industrial sickness; Industrial finance; Industrial labour

### **Module III: Tertiary Sector and HRD**

Tertiary Sector: growth and contribution of service sector to GDP of India, share of services in employment; Human development – concept, evolution, measurement; HRD: indication, importance, education in India, Indian educational policy; Health and Nutrition.

### **Module IV: External Sector**

Foreign Trade: role, composition and direction of India's foreign trade, trends of export and import in India, export promotion versus import substitution; Balance of Payments of India; India's Trade Policies; Foreign Capital – FDI, Aid and MNCs.

### **Readings:**

1. U. Kapila (2010): *Indian economy since Independence*. Academic Foundation, New Delhi
2. S. K. Misra and V. K. Puri (Latest Year): *Indian Economy — Its Development Experience*, Himalaya Publishing House, Mumbai
3. S. Chakraborty (): *Development Planning: The Indian Experience*. Clarendon Press.
4. R. Dutt and K. P. M, Sundharam (Latest Year): *Indian Economy*, S. Chand & Company Ltd., New Delhi.
5. A. Panagariya (2008): *India: the Emerging Giant*, Oxford University Press, New York
6. S. Acharya and R. Mohan (Eds.) (2010): *India's Economy: Performance and Challenges*, Oxford University Press, New Delhi.
7. I. J. Ahluwalia and I. M. D. Little (Eds.) (1998): *India's Economic Reforms and Development: Essays for Manmohan Singh*, Oxford University Press, New Delhi.

## **Core Economics Course 14: DEVELOPMENT ECONOMICS II**

### **Course Description**

This is the second module of the economic development sequence. It begins with basic demographic concepts and their evolution during the process of development. The structure of markets and contracts is linked to the particular problems of enforcement experienced in poor countries. The governance of communities and organizations is studied and this is then linked to questions of sustainable growth. The course ends with reflections on the role of globalization and increased international dependence on the process of development.

### **Module I: Demography and Development**

Demographic concepts; birth and death rates, age structure, fertility and mortality; demographic transitions during the process of development; gender bias in preferences and outcomes and evidence on unequal treatment within households; connections between income, mortality, fertility choices and human capital accumulation; migration.

### **Module II: Land, Labor and Credit Markets**

The Role of Agriculture in Development, The distribution of land ownership; land reform and its effects on productivity; contractual relationships between tenants and landlords; land acquisition; nutrition and labor productivity; informational problems and credit contracts; microfinance; interlinkages between rural factor markets. Credit, Intermediation, and Poverty Reduction, Risk faced by poor

### **Module III: Individuals, Communities and Collective Outcomes**

Individual behavior in social environments, multiple social equilibria; governance in organizations and in communities; individual responses to organizational inefficiency

### **Module IV: Environment and Sustainable Development**

Defining sustainability for renewable resources; a brief history of environmental change; common-pool resources; environmental externalities and state regulation of the environment; economic activity and climate change

### **Module V: Globalization**

Globalization in historical perspective; the economics and politics of multilateral agreements; trade, production patterns and world inequality; financial instability in a globalized world, Political Economy of Foreign Aid & Development

### **Readings**

1. Debraj Ray (2009): *Development Economics*, Oxford University Press.
2. Partha Dasgupta (2007): *Economics, A Very Short Introduction*, Oxford University Press.
3. Abhijit Banerjee, Roland Benabou and Dilip Mookerjee (2006): *Understanding Poverty*, Oxford University Press.
4. Thomas Schelling (1978): *Micromotives and Macrobehavior*, W. W. Norton.
5. Albert O. Hirschman (1970): *Exit, Voice and Loyalty: Responses to Decline in Firms, Organizations and States*, Harvard University Press.
6. Elinor Ostrom (1990): *Governing the Commons: The Evolution of Institutions for Collective Action*, Cambridge University Press.
7. Dani Rodrik (2011): *The Globalization Paradox: Why Global Markets, States and Democracy Can't Coexist*, Oxford University Press.
8. Michael D. Bordo, Alan M. Taylor and Jeffrey G. Williamson (ed.) (2003): *Globalization in Historical Perspective*, University of Chicago Press.