

SYLLABUS
B.Sc. (Hons.) in Economics

FIRST YEAR

Semester I

Sr. No.	Course code	
1	BSECT101	English & Communication Skills
2	BSECT102	Microeconomic Theory – I
3	BSECT103	Mathematical Methods for Economics-I
4	BSECT104	Economics of Agriculture
Semester II		
5	BSECT201	Microeconomic Theory – II
6	BSECT202	Mathematical Methods for Economics-II
7	BSECT203	Economics of Industry
8	BSECT204	Regional Economics

SECOND YEAR

Semester III

Sr. No.	Course code	Title
9	BSECT301	Macroeconomic Theory –I
10	BSECT302	Statistical Methods for Economics
11	BSECT303	Indian Economy since Independence
12	BSECT304	Labour Economics
Semester IV		
13	BSECT401	Macroeconomic Theory –II
14	BSECT402	International Economics
15	BSECT403	Money and Finance Markets
16	BSECT404	Public Economics

THIRD YEAR

Semester V		
Sr. No.	Course code	Title
17	BSECT501	Development Economics-I
18	BSECT502	History of Economic Thought
19	BSECT503	Econometrics
20	BSECT504	Resources and Environmental Economics
Semester VI		
21	BSECT601	Development Economics-II
22	BSECT602	Comparative Economic Development
23	BSECT603	Institutional Economics
24	BSECT604	Health Economics

Ist Year - Semester I

101 ENGLISH & COMMUNICATION SKILLS

Unit-I

Basic Grammar- Nouns, Verbs, Adverbs, Tenses, Degree of comparison, Articles, Prepositions, Idioms and Phrases, Phrasal verbs, Transformation of Sentences, One word substitution, Parts of speech, Incorrect to correct English.

Unit-II

Vocabulary- Word formation (by adding suffixes and prefixes), Technical word formation, Synonyms, Antonyms, Homophones, Homonyms, Redundant words.

Unit-III

Writing skills- Resumes, CVs, Cover letters, Memos and Notices, Basics of formal reports, Paragraph writing, Summarizing and Abstracting, Para-phrasing, Précis writing, Essay, Comprehension of unseen passages.

Sentence correction (simple, complex, compound), Sentence correction.

Unit-IV

Brief background on listening, Improving listening skills.

Communication Skills Lab.

Basic Readings:

Singh, Vandana (2008) *The Written Word*, New Delhi, Oxford University Press
Sinha, R.P. (2007) *Current English Grammar and Usage*, New Delhi, Oxford University Press
Salvatore J. Iacone (2004) *Write to the Point*, Delhi, Pearson

102 MICROECONOMIC THEORY - I

UNIT I

Exploring the subject matter of economics: Why study economics? Scope and Method of Economics; The Economic Problem: Scarcity and Choice. Positive and Normative economics, Microeconomics and Macroeconomics.

Supply and Demand: Markets and Prices

Markets and Competition; Determinants of demand and supply; Elasticity and its applications.

Unit II

Consumer choice: (a) Marginal Utility Theory. (b) Under certainty: Indifference curves and Revealed preference analysis (Weak and Strong Axioms); (c) Under uncertainty: N-M analysis.

Market Demand: From household demand to Market Demand: The role of Network Externalities.

Unit III

Theory of Production and Costs:

(a). **Given technology and one variable factor:** Returns to factor proportions; factor productivity curves; stages of production and producer's choice. Costs of production: Concepts; Derivation of short run cost curves from factor productivity curves.

(b). **Choice of Technology and Scale with all the factors of production being variable:** Producer's factor market equilibrium. Output maximization subject to a given budget and cost minimization subject to a given output constraint.

Unit IV

(a) **Changes in Factor prices:** Output, Substitution Effects and Elasticity of factor substitution.

Returns to Scale, Productivity and Technical Change. Expansion Path and Long run costs. Economies and diseconomies of scale: theory only

(b) **Multi product firms:** Product Transformation Curve, Choice of profit maximizing product mix. Economies and diseconomies of Scope: theory only.

(c) **Dynamic changes in costs of production:** The learning Curve analysis.

Basic Readings:

Salvatore Dominick (2003) *Microeconomics: Theory and Applications*; 4th Edition, Oxford University Press

Ahuja, H.L. (2008) *Microeconomic Theory*, S. Chand Publications

Pindyck, Robert, S Rubinfeld Daniel. M (2006) *Microeconomics*, Prentice Hall of India, New Delhi

Koutsoyiannis, A (1979), Modern Micro-Economics. McMillan Press, London

Supplementary:

Mankiw Gregory N (1968) Principles of Economics; 3rd Edition, Thomson; 3rd Indian Reprint (2007)

Boumol, William J and Blinder Alan S (2005) Microeconomics; Principles and Policy 9th Edition, Thomson, 1st Indian Edition (2007)

Varian Hal H (2006: Intermediate Microeconomics: A Modern Approach, (Indian edition) East West Press N Delhi

Maddala, G S and Millelr Ellen (1989) Micro Economics: Theory and Applications. Tata McGraw-Hill (Edition 2004)

Ryan W J L and Pearce, D W (1977) Price Theory, Mc Millan India, New Delhi

Ferguson, C E and Gould J P (1989) Micro Economic Theory (6th Edition) All India Traveller Bookseller.

Briet, W and Hochman, H M (Ed.), Readings in Micro Economics, Dryden Press, Hindsala, illinos

103 MATHEMATICAL METHODS FOR ECONOMICS -I

Unit I

Preliminaries: Elements of logic and proof: converse and contra positive, necessary and sufficient conditions, proof by contradiction, mathematical induction. Sets and set operations. Ordered pairs, Cartesian products of sets. Relations. Functions: one-to-one and onto functions, composite functions, the inverse function. The real numbers: natural numbers, integers, rational and irrational numbers; absolute value and intervals; inequalities.

Unit II

Elementary Linear Algebra : Vectors: vector addition and scalar multiplication; scalar products, orthogonality. Linear combinations of vectors. Linear independence.

Matrices and Matrix operations: addition, scalar multiplication, matrix multiplication, the transpose, the inverse of a square matrix, rank, elementary row operations, invertibility and rank for square matrices.

Determinants: definition, properties, minors and cofactors, the Laplace expansion, expansion by alien cofactors; singularity and invertibility; the adjoint matrix and formula for the inverse.

Linear equation systems in matrix and vector notation (m equations, n variables). The rank criterion for consistency (existence of solutions). Uniqueness of solutions. Determinantal criteria for consistency and uniqueness, matrix methods of solution and Cramer's Rule.

Unit III

Functions of One Real Variable and Applications of Calculus-I : Infinite sequence and series: the concepts of convergence and limits; algebraic properties of limits.

The limit of $f(x)$ as $x \rightarrow a$. Continuity. The intermediate-value theorem.

Unit IV

Functions of One Real Variable and Applications of Calculus-II: The derivative of a function. Differentiability and continuity. Techniques of differentiation; sums, products and quotients of functions; composite functions and the chain rule. Inverse functions. Implicit differentiation. Second and higher order derivatives. Points of inflexion. Differentials and linear approximation. Taylor's theorem and polynomial approximation. Indeterminate forms and L'Hôpital's Rule.

Exponential and logarithmic functions. Logarithmic differentiation.

Optimization: stationary points, local and global optima; location of turning points and points of inflexion using derivatives.

Basic Reading:

Aggarwal, S.C., Rana, R.K. (2008) *Basic Mathematics for Economists*, V.K. Publications

For topics not available in the basic reading:

Knut Sydsaeter and Peter J. Hammond (2002) *Mathematics for Economic Analysis*. Pearson Educational Asia: Delhi (reprint of 1st 1995 edition).

Supplementary:

Alpha C. Chiang (1984) *Fundamental Methods of Mathematical Economics*. McGraw Hill (3rd edition).

Yamane, Taro (1972), *Mathematics for Economists*, Prentice Hall, N Delhi

104 ECONOMICS OF AGRICULTURE

Unit-I

Introduction: Definition, scope and nature of agricultural economics; Need for a separate study of agricultural economics. Agricultural Linkages with other sectors, Role of agriculture in economic development (Experience of Britain, Europe, USA and Japan) and Declining importance of agriculture in Economic development.

Unit-II

- (i) **Strategy for Agricultural Growth:** Schultz thesis of transformation of traditional agriculture, Mellor's Model, and Induced Innovation Hypothesis.
- (ii) **Sources of Agricultural Growth:** Crop sector, Livestock, Fishery and aquaculture and agro forestry.

Unit-III

Institutions in Agricultural Development

- (i) **Land:** Pattern and trends in ownership, tenancy and Reforms.
- (ii) **Agricultural Markets:** Aim, Types and Functions of agricultural markets, Criteria for judging efficiency of agricultural market systems.
- (iii) **Agricultural Credit:** Importance of credit, Need for Government intervention, agricultural credit system in India.

Unit-IV

Economic factors for Agricultural Development

- (i) **Agricultural Price Policy:** Need, Objectives, and instruments of agricultural price policy; Agricultural price policy in India
- (ii) **Terms of Trade**
- (iii) **Role of Public and Private Investment and subsidies.**

Basic Reading:

Soni R.N. (2005) *Leading Issues in Agricultural Economics* Sohan Lal Nagin Chand & CO., Jalandhar
Lekhi, R.K.; Singh, J. (2007) *Agricultural Economic*, Kalyani Publishers

Supplementary:

Desia Bhupat (ed), Agricultural development Paradigm for the Ninth plan under New Economic Environmnet, Oxfoed & IBH Publishing Co. Pvt. Ltd, New Delhi.

1st Year – Semester II

201 MICROECONOMIC THEORY - II

Unit-I

Market Structure and Pricing: Alternative objectives of a firm. Profit Maximization and Competitive Supply: Short and Long run supply curves of a competitive firm and industry.

Functioning of Competitive Markets and efficiency of resource allocation: Consumer's and Producer's Surplus and aggregate welfare. Evaluating the Gains and losses from Governmental intervention in competitive markets.

Monopoly: Sources of Monopoly; Measuring Monopoly Power, Multi plant Monopoly; Welfare losses under monopoly; Public regulation of Monopoly. Natural Monopolies.

Pricing of Public Utilities and Efficiency of resource allocation: Price discrimination and other pricing practices, Two part tariffs, Tying, Bundling, Peak load pricing etc. Social appraisal of Price discrimination: Positive and Normative aspects.

Unit-II

Monopolistic Competition: Indeterminacy of a competitive firm's equilibrium with declining average cost of production: P Saraffa's contribution. Chamberlain and the theory of Monopolistic competition; Product Differentiation; Selling Costs/Advertisement; Short and long run equilibrium of a firm/ Group with and without selling costs; the issue of Excess capacity and cost of variety in products.

Oligopoly: The Prisoner's Dilemma: Rivalry versus Collusion; Non-Collusive Oligopoly; The Nash equilibrium; Cournot, Stackelberg and Bertrand models. Kinked demand curve analysis;

Collusive Oligopoly: Informal Collusion: Price Leaderships.
Formal collusion: Cartels.

Non-Price Competition: Advertisement: Optimum spending on advertisement by a firm; Advertisement and prices.

Unit-III

Markets for Factor Inputs: (largely with reference to Labor): A Firm's and Market Demand for a labor (with one and several variable inputs) and its determinants.

Supply of labor to a firm and the Market: Equilibrium Wage Rate and Employment under: (i) Competitive Factor and Product Market, (ii) Monopsonistic buyer of Labor and perfect competition in Labor market, (iii) Imperfect competition in product market and Trade Union Monopoly in labor market, (iv) Bilateral Monopoly.

Unit-IV

Welfare economics: Pareto efficient resource allocation; Pareto efficiency versus Pareto Optimality; Welfare Functions and the Pareto criterion; Compensation criteria; Pareto efficiency and competitive markets: First and second theorem of welfare economics, Arrow's impossibility theorem. Efficiency versus Equity: John Rawls on Social Justice.

Market failure: (i) Markets with Imperfect Competition; (ii) Markets with Asymmetric information: Adverse Selection and Moral Hazards. (iii) Consumption and Production Externalities; (iv) Common Property Resources, and (v) Public goods

Basic Readings:

Salvatore Dominick (2003) *Microeconomics: Theory and Applications*; 4th Edition, Oxford University Press

Ahuja, H.L. (2008) *Microeconomic Theory*, S. Chand Publications

Pindyck, Robert, S Rubinfeld Daniel. M (2006) *Microeconomics*, Prentice Hall of India, New Delhi

Koutsoyiannis, A (1979), *Modern Micro-Economics*. McMillan Press, London

.

Supplementary:

Mankiw Gregory N (1968) Principles of Economics; 3rd Edition, Thomson; 3rd Indian Reprint (2007)

Boumol, William J and Blinder Alan S (2005) Microeconomics; Principles and Policy 9th Edition, Thomson, 1st Indian Edition (2007)

Varian Hal H (2006: Intermediate Microeconomics: A Modern Approach, (Indian edition) East West Press N Delhi

Maddala, G S and Millelr Ellen (1989) Micro Economics: Theory and Applications. Tata McGraw-Hill (Edition 2004)

Ryan W J L and Pearce, D W (1977) Price Theory, Mc Millan India, New Delhi

Ferguson, C E and Gould J P (1989) Micro Economic Theory (6th Edition) All India Traveller Bookseller.

Briet, W and Hochman, H M (Ed.), Readings in Micro Economics, Dryden Press, Hindsala, illinos

202 MATHEMATICAL METHODS FOR ECONOMICS -II

Unit I

Functions of Several Variables – 1

Partial differentiation, Higher-order partial derivatives, Young's Theorem. Linear approximation and differentials. The chain rule. The implicit function theorem (statement only), first- and higher-order derivatives of functions defined implicitly.

Homogeneous and homothetic functions. Elasticity of substitution.

Unit II

Functions of Several Variables- 2

Maxima and minima, saddlepoints, unconstrained optimization, necessary and sufficient conditions for local optima.

Constrained optimization (equality constraints). The method of Lagrange multipliers. Sufficient conditions.

Unit III

Differential Equation : Introduction; Solution: Variable separable case, Homogeneous case, Standard linear differential equation, Bernoulli's form, Exact equation; Solution of linear differential equation with constant coefficients.

Unit IV

Difference Equation: Introduction; Solution of difference equations up to 2nd order.

Basic Reading:

Aggarwal, S.C., Rana, R.K. (2008) *Basic Mathematics for Economists*, V.K. Publications

For topics not available in the basic reading:

Knut Sydsaeter and Peter J. Hammond (2002) *Mathematics for Economic Analysis*. Pearson Educational Asia: Delhi (reprint of 1st 1995 edition)

Supplementary:

Alpha C. Chiang (1984) *Fundamental Methods of Mathematical Economics*. McGraw Hill (3rd edition).

Yamane, Taro (1972), *Mathematics for Economists*, Prentice Hall, N Delhi

203 ECONOMICS OF INDUSTRY

Unit-I

Introduction: Meaning and Scope of Industrial Economics; Basic concepts of firm, industry and market; organizational forms. Separation of ownership from management and control. Alternative goals of firm: Neo-classical and contributions of R Marris and Williamson.

Unit-II

Market Structure-I: Elements of Market Structure: Sellers" and buyers" concentration, product differentiation, conditions of entry. Determinants and measurement of seller" s concentration.

Growth of firms: Vertical integration, diversification, mergers and acquisitions.

Unit-III

Market Structure-II: Evolution of Market structure, conduct, performance paradigm. Economics of Advertisement: concepts, market structure and advertisement. Economics of R & D: Concepts, measurement and market structure and innovation.

Unit-IV

Efficiency and Profitability: Allocative efficiency: Market structure and profitability. Productive efficiency: Degree of sub optimal capacity.

Basic Reading:

Barthwal, R. R. (2000) *Industrial Economics*, New Age International Publishers

Supplementary:

Martin, Stephen(1989) *Industrial Economics : Economic Analysis and Public Policy*. Macmillan Publishing Co., New York.

Clarke, R (1985) *Industrial Economics*, Blackwell Publishers, Oxford

Shepherd, William G (1990) *The Economics of Industrial Organization* Prentice Hall, New Jersey (3rd Ed.)

Scherer, F M & Ross, David (1990) *Industrial Market Structure and Economic Performance*, (3rd Ed.) Houghton Mifflin Company, Boston

Waldman, Don E & Jensen Elizabeth J (2005), *Industrial Organization: Theory and Practice* (2nd Edition) Pearson Education, Inc.

Hay and Morris (1998) *Industrial Economics* (2nd ed.) Oxford University Press, London

204 REGIONAL ECONOMICS

Unit I

Concept of region and space. Types of regions: homogeneous. Nodal and programming. Regional income accounting and social accounting. Accounting for underdeveloped regions and developed open regions

Unit II

Dualism and balanced region development. Convergence and divergence. Regional linkages-spread and backwash effects. Regional multipliers-the economic base type.

Unit III

Transportation and location: Transport costs as a location factor. Weber's theory of location: locational and weight triangles and minimization of transport costs. Coefficient of localization, localization curves and ratios, and related concepts.

Unit IV

Regional allocation of resources. Regional investment criteria. Interrelationship between regional and national cycles. Regional imbalances-regional income inequalities in India

Note: No Basic Reading

Harry W, Richardson: *regional Economics*, Weidenfolod and Nicholson, London, 1976.

Walter Isard: *Methods of Regional Analysis*. The MIT Press, Massachusetts and London. 1976

David Smith: *Industrial Location: An Economic Geographic Analysis*, John Wiley, New York, 1971.

L. Needleman (ed): *Regional Economics*, Penguin Books Ltd. 1968

Harvey Parloff's et.al. *Regions, Resources and Economic Growth*, University of Nabraska Press, Lincoln, USA.

Edgar M. Hover: *An Introduction to Regional Economics*, New York, Alfred A.Knopf; 2nd edition.

2nd Year - Semester III

301 MACROECONOMIC THEORY –I

Unit I

Basic Introduction: Ends and means, central tasks, economic growth, economics and policy issue.

National Income: Circular flow, approaches to measurement, concepts, problems in National income account, overtime and international comparison, National income and economic welfare and estimates of national income in India.

Unit II

Determinants of Income:

Consumption function: APC, MPC, Absolute income, Relative income, permanent income and life cycle hypothesis.

Multiplier : Introduction, multiplier and time factor, application of multiplier, foreign trade multiplier.

Unit III

Demand for Money: Quantity theory approach, Keynes' s approach, Baumol and Tobin' s contribution.

Supply for Money: Definition and its importance in macro economics, Money Multiplier and credit creation by banks.

Deviation, properties and shifts in IS and LM curves and equilibrium in money and product market.

Unit IV

Demand and Supply of labour: Classical and Keynesian views.

Keynesian and Classical Models of income and employment determination, Wage – price flexibility and automatic full employment – classical versus Keynes.

Basic Readings:

Branson, William H(1992), *Macroeconomic Theory and policy* 3rd Edition, Indus Publication.

Rangarajan C, Dholakia B.H (2003), *Principles of Macroeconomics*, Tata Mcgraw-Hill.

Supplementary:

Deepashree & Vanita Agarwal (2006) *Macroeconomics*, McGraw-Hill companies

Mark Reiman, Rudiger Dornbusch, Stanley Fischer, Richard Startz, *Macroeconomics*

Paul Anthony Samuelson, William D. Nordhaus (2004) *Macroeconomics*, McGraw-Hill

William J. Baumol, Alan S. Blinder (2009) *Macroeconomics: Principles and Policy*, South-western cengage learning,

N. Gregory Mankiw (2002, fifth edition) *Macroeconomics*, Palgrave

N. Gregory Mankiw (2007) *Principles of Macroeconomics*, South western

Edward Shapiro (fifth ed.) *Macroeconomic analysis*, Standard Publications

Richard G. Lipsey and K. Alec Chrystal (2001, 9th ed.) *Principles of Economics*, Oxford University Press

Dwivedi, D.N (latest ed.) *Macroeconomics: Theory and Policy*, Tata McGraw Hill

AHUJA, H.L. (latest ed.) *Macroeconomics Theory And Policy*, S. Chand & Co., Delhi

Jhingan, M.L. (latest ed.) *Macro Economic Theory*, Vrinda Publications, Delhi

M.C. Vaish (Latest Ed.) *Macro-Economics*, Vikas Publication House

Ackley.G. (1978) *Macro-Economic Theory and policy*, Macmillan press, NewYork.

Richard G. Lipsey (1997) *Macroeconomic theory and policy*, Edward Elgar

Barro, R. (2007) *Macroeconomics: A Modern Approach*, South-Western College Publishing.

Rüdiger Dornbusch, Stanley Fischer, Richard Startz (2004 or latest edition) *Macroeconomics*, Mc Graw Hill Irwin

302 STATISTICAL METHODS FOR ECONOMICS

Unit-I

Introduction : Nature and scope of statistics for economic analysis, Types of data used for economic analysis, Basic concepts: Population, Sample, Parameter, Statistic, frequency distribution, Cumulative frequency distribution; Sampling and data collection, tabulation, graphic and diagrammatic presentation of economic data.

Central Tendency and Dispersion: Measures of Central tendency: Mean, Median, Mode, Geometric mean, Harmonic mean; Measures of dispersion; Range, Quartile deviation Mean deviation, Standard deviation; Skewness and Kurtosis, Moments.

Unit-II

Correlation: Correlation: Simple; Partial and Multiple

Time Series: Time Series Analysis - Concept and components, Determination of trend (Linear, Quadratic and Exponential) and seasonal indices;

Index Numbers: Concept, price relative, quantity relative and value relative, Laspeyer's, Paasche's and Fisher's index numbers; Problems in the construction and Limitations of index numbers; Tests of an ideal index number.

Unit-III

Probability and Distribution: Probability: Concepts, Rules of probability (Addition and Multiplication); Conditional probability and Bayes' Theorem; Random Variables; Mathematical expectation; Theoretical distribution – Binomial, Poisson and Normal; their properties, uses and application.

Unit-IV

Sampling and Testing of Hypotheses: Random Sample; concept of sampling distribution; Concepts of testing of hypothesis and test of significance; tests of significance of proportion, mean, variance and correlation (based on z, t, and F distributions only). Chi-square test for goodness of fit and independence of attributes.

Basic Reading:

Gupta, S C (1994), Fundamentals of Statistics, Himalya Publishing House (1992)

Supplementary:

Croxton, F E, Cowden, D J & Klein, S (1970), Applied General Statistics (3rd Ed.)

Spiegel, M R & Stephens, L J (2000), Theory and Problems of Statistics (3rd Ed.) (Schaum" s Outlines)

Anderson, D R, Sweeney, D J & Williams, T A (1987), Statistics for Business and Economics (3rd Ed.)

Goon, Gupta and Dasgupta, Fundamentals of Statistics – Vol. I & II (Latest Edition)

303 INDIAN ECONOMY SINCE INDEPENDENCE

Unit I

- (i) **Indian Economy Since Independence:** Major Features, The India of 1947, The Planning Era, Where India Stands Today?, Strengths of the Economy, Some Major Challenges
- (ii) **Planning and the Market:** Structural Constraints and the Development Strategy, Role of the State as Visualized in the Fifties, Evolution of Strategy and Priorities, Changing Perceptions, Role of Planning in a Market Economy, Redefining the Role of State, The Government, State and Market.
- (iii) **Growth and Development Experience 1950- Till Data:** Review of the Indian Growth Process. Prospects for the Next Five Years, Issues and Challenges; Regional Dimension of Growth.

Unit II

- (i) **Population and Human Resource Development:** Population Trends, Demographic Transition, India's Demographic Transition, Demographic Transition and its Consequences for Development, Demographic Dividend" in India, Population Policy since 1947, Human Resource Development, Education Policy in India, Healthcare as a Social Responsibility.
- (ii) **Poverty and Unemployment:** Pattern, trends and dimensions of poverty in India, Trickle Down Debate, Poverty Alleviation Programmes; Changing Structure of work force, employment and unemployment, and Strategies and Policies for Employment Generation
- (iii) **Food and Nutrition Security of the Poor:** Programmes, Emerging Perspectives and Policy Issues

Unit III

- (i) **Growth and Crisis in Agriculture:** Pattern, profile and phases of agricultural growth in India, recent agrarian crises: Severity and Options at National and State Levels
- (ii) **Industrial Development and Policies Since 1947:** The Industrial Scene at Independence, Evolution of Policy since independence, pattern, profile and phases of industrial growth, Productivity Trends in the manufacturing Sector.

Unit IV

- (i) **Foreign Trade: Issues and Policies:** Trade Policy , Foreign Trade Performance, Structural Changes in India" s Foreign Trade, Special Economic Zones, India" s Balance of Payment Trends 1950–till date, Sustainability of Current Account, Capital Account, External Debt and Exchange Rate, External Debt Management, Roadmap Towards Fuller Capital Account Convertibility and India and the WTO
- (ii) **Foreign Direct Investment in India:** Trends, Issues and Reforms.
- (iii) **Financial Sector Reforms and Monetary Policy:** The Indian Experience

Basic Readings:

Dutt and Sundaram: Indian Economy, S. Chand & Co., New Delhi

Dhar, P.K.: Indian Economy, Kalyani Publishers

Supplementary:

Kapila Uma (Ed) : India" s Economic Development since 1947, New Delhi, Academic Press, (Latest Edition).

Government of India, Economic Survey of India (latest), Ministry of Finance, Government of India, New Delhi.

Government of India, Five Year Plans, (1st -11th) Planning Commission, Government of India, New Delhi

304 LABOUR ECONOMICS

Unit I

Labour Demand and Supply: Meaning, Determinants, Elasticity of Demand for Labour.

Labour Supply –: Meaning, Determinants, Backward Bending supply curve of labour, Equilibrium condition.

Unit II

Wage Determination and Wage Differential: Bargaining theory, Origin of trade unionism, Labour market Discrimination, Minimum wage, Labour market flexibility, Occupational safety and health, Working conditions and Labour productivity.

Unit III

Determinants of industrial disputes, steps to prevent disputes, Methods of settlement of industrial disputes, collective bargaining, Labour participation in management.

Unit IV

Concept of social security, social security measures in India, Important labour legislation in India: Industrial dispute act, Trade union act, Factory act and Employees state insurance act, Impact of I.L.O. labour conventions on labour legislation. Women and Child labour.

Readings:

T.N.Bagoliwal: Economics of labour and industrial Realtaions.

Jiwitesh Kumar Singh, Labour problems: Principles, Problems and Practices.

R.A.Lester, Economics of Labour

A.M.Carter and F Ray Marshal, Labour Economics, Wages, Employment and Trade Unionism.

2nd Year-Semester IV

401 MACROECONOMIC THEORY – II

Unit I

Inflation: Introduction and its effects, quantity theory view, Keynes' s view, Kalderian – Marco theory of distribution, Phillips curve analysis, Long run Phillips curve, stagflation, monetization theory and Structuralist theory of inflation.

Trade Cycle Theories: Accelerator – Multiplier Interacting Model, Kalder Model. Monetarist interpretation of trade cycle. Real business cycle theory.

Unit II

Foreign sector and Balance of Payment: Mundell – Flemming open economy model, Disequilibrium in balance of payments and its consequences. Balance of payment adjustment policies under fixed and flexible exchange rate.

Unit III

Monetary and Fiscal policies: objectives, conflicts among objectives, external and internal balance: Mundell Model, Swan Model, And Flexibility of fiscal and monetary policy. Income policy, determining monetary policy, the rationale for income policy.

Unit IV

Recent development: Monetarism, rational expectation revolution and new classical macro economics, new Keynesian macro economics, and Global meltdown and need for regulatory mechanisms.

Basic Readings:

Branson, William H(1992), *Macroeconomic Theory and policy* 3rd Edition, Indus Publication.

Rangarajan C, Dholakia B.H (2003), *Principles of Macroeconomics*, Tata Mcgraw-Hill.

Supplementary:

Rüdiger Dornbusch, Stanley Fischer, Richard Startz (2004 or latest edition) *Macroeconomics*, Mc Graw Hill Irwin

Deepashree & Vanita Agarwal (2006) *Macroeconomics*, McGraw-Hill companies

Mark Reiman, Rudiger Dornbusch, Stanley Fischer, Richard Startz,
Macroeconomics

Paul Anthony Samuelson, William D. Nordhaus (2004) *Macroeconomics*,
McGraw-Hill

William J. Baumol, Alan S. Blinder (2009) *Macroeconomics: Principles and
Policy*, South-western cengage learning,

N. Gregory Mankiw (2002, fifth edition) *Macroeconomics*, Palgrave

N. Gregory Mankiw (2007) *Principles of Macroeconomics*, South western

Edward Shapiro (fifth ed.) *Macroeconomic analysis*, Standard Publications

Richard G. Lipsey and K. Alec Chrystal (2001, 9th ed.) *Principles of
Economics*, Oxford University Press

Dwivedi, D.N (latest ed.) *Macroeconomics: Theory and Policy*, Tata McGraw
Hill

AHUJA, H.L. (latest ed.) *Macroeconomics Theory And Policy*, S. Chand & Co.,
Delhi

Jhingan, M.L. (latest ed.) *Macro Economic Theory*, Vrinda Publications, Delhi

M.C. Vaish (Latest Ed.) *Macro-Economics*, Vikas Publication House

Ackley.G. (1978) *Macro-Economic Theory and policy*, Macmillan press,
NewYork.

Richard G. Lipsey (1997) *Macroeconomic theory and policy*, Edward Elgar

Barro, R. (2007) *Macroeconomics: A Modern Approach*, South-Western
College Publishing.

402 INTERNATIONAL ECONOMICS

Unit I

Intoduction and Trade Theories: Importance, Basic Facts, Classical Theory of Comparative Advantage, Ricardian Model, Heckscher-Ohlin Model, Standard Trade Model, Haberler's Theory of Opportunity Cost.

Unit II

Theory of Interventions: Concepts and measurements of terms of trade, Types of tariffs and quotas and their impact in partial equilibrium analysis; various forms of economic integration; The Theory of Custom Union. Static and Dynamic effects of customs union. International Factor Movement, Trade Policy

Unit III

The Balance of Payments and Adjustments: National Income Accounting and Balance of Payment Accounting, Exchange rate and Foreign Exchange Market, Simple Model of Exchange Rates and Interest Rates, Exchange Rates In the Short Run and the Long Run, Exchange Rates Determination, fixed and flexible exchange rate systems.

Unit IV

International Economic and Financial Institutions: Role of GATT/WTO. Problems of International Liquidity and role of World Bank/IMF.

Basic Readings:

Paul R. Krugman and Maurice Obstfeld: "International Economics: Theory & Policy", 8th Edition, Addison Wesley

Salvator, D L (2001), International Economics, Prentice Hall, Upper addle Rover, New York.

403 MONEY AND FINANCIAL MARKETS

Unit I

Introduction: basic introduction of financial institutions, financial markets and financial system.

Financial Institutions and Systems: function and operation of financial intermediaries; financial markets and their characteristics; the evolution of financial institutions and markets, and the Indian financial system.

Unit II

Evaluation of financial products: types of securities; principles of security pricing.

Portfolio theory: the determination of short-term interest rates, the structure of interest rates, the theories of level of interest rates (classical, loanable fund theory.)

Unit III

Markets: Money markets (introduction, instruments, characteristics and uses); Bond markets (introduction, types, yields, and characteristics); Equity markets (introduction, types, pricing and characteristics); Foreign exchange markets (introduction, efficiency, exchange rates, risk and speculation and forecasting); Derivatives(introduction, the financial futures, pricing of futures, options, swaps and other derivatives).

Unit IV

Financial innovation: The regulators of financial markets, Financial market efficiency

Changes in the financial system: impetus for change; globalization; securitisation and deregulation.

Basic Readings:

Howells and Bain (2008), *The Economics of Money, Banking and Finance*, 4/E, Financial Times Press

Howell, P, & Bain, K, (2000): *Financial Markets and Institutions*, (Prentice Hall) 3rd Edition

Pilbeam, K. (1998): *Finance & Financial Markets*, (Macmillan Business) 2nd Edition

404 PUBLIC ECONOMICS

Unit I

The public sector in a mixed economy
The economic rationale of government
Welfare economics: efficiency and equity

Unit II

Public goods and publicly provided private goods
Externalities
Social Cost Benefit Analysis
Privatisation / Public-Private Partnership

Unit III

Education and Health Care
Social insurance and income maintenance

Unit IV

Introduction to taxation and tax incidence
Taxation and economic efficiency
Optimal taxation

Readings:

Rosen, H. and Gayer, T. (2008), *Public Finance* (8th edition), McGraw-Hill.

Abelson, P. (2008), *Public Economics: principles and practice*, Mc-Graw Hill Education.

Connolly, S. and Munro, A. (1999), *The Economics of the Public Sector*, Prentice Hall Europe.

Stiglitz, J.E. (2000), *The Economics of the Public Sector* (3rd edition), W. W. Norton

3rd Year - Semester V

501 DEVELOPMENT ECONOMICS – I

Unit I

Understanding Development: Living in a heterogeneous world-Islands of prosperity and how the other three quarters live. Dividing the world and levels of development. (Development as an evolving concept i.e Development, Growth and Change; Goulet" s three core values of development; Sen" s Conception of Development; Income/Output based measures and their inadequacies; PQLI and HDI as indicators of development).

Unit II

Diverse Structures and Common Characteristics of Developing Nations: Size and income level(The Vicious Circle of Poverty and Low Level Equilibrium Trap), Historical Background (Colonialism and Dependence), Meaning of dualism, its characteristics and forms, Resources and Technology (Quantum and Quality of Natural Resources, Physical Capital, and Technology); Values and Institutions.

Unit III

Theories of Development: David Ricardo; Classical Theory (Synthesize version); Karl Marx; and Schumpeter.

Unit IV

Economic Growth, Empirics and Modelling:

Rostovian Theory of Stages of Growth; Models of Economic Growth (Harrod-Domar; Solow-Swan, Kaldor –Passinetti, and Joan Robinson); Convergence Debate and Endogenous Growth (ideas of Arrow, Lucas, and Roamer)

Basic Readings:

Charles I. Jones (2002) Introduction to Economic Growth (2nd edition) W.W. Norton & Company, New York.

Thirlwall, A. P.(2003), "Growth and Development", Seventh edition, Palgrave Macmillan, New York.

Todaro, Michael P. and Stephen C Smith (2004),"Economic Development", Pearson Education, (Singapore) Pte. Ltd., Indian Branch, Delhi.

Ray, Debraj (2004), "Development Economics", Seventh impression, Oxford University Press, New Delhi.

Further Readings :

Meier, Gerald M. and James E. Rauch (2000), *“Leading Issues in Economic Development”*, Oxford University Press, New York.

Ghatak, Subrata (2003) *Introduction to Development Economics*, Indian Reprint, 2007 Rout ledge, London & New York

Rist, Gilbert (2002) *The History of Development* Academic Foundation, New Delhi

Goulet, Denis (1971) *The Cruel Choice* Atheneum, New York

Fukuda-Parr Sakiko and Kumar Shiva, A K (2003) *Readings in Human Development* Oxford University Press

Sen, A K (ed.) (1970) *Growth Economics*, Penguin Books.

502 HISTORY OF ECONOMIC THOUGHT

Unit I

Nature and Importance of Economic Thought: Relativist and Absolute approaches to Economic Thought.

Mercantilism: Views on Trade, Money and Prices, Wages and Employment.

Physiocracy: Natural Order; Net product and Circulation of Wealth.

Unit II

Classical Political Economy. Adam Smith: Theories of Value, Distribution and Growth.

Ricardian Economics: Value Analysis, Theories of Trade and Distribution, Views on Machinery and Employment, Ricardo-Malthus glut controversy.

Unit III

Marxian Economics: Historical Materialism, Theory of Value, Theory of Capital Accumulation, Theories of Crisis, Simple Reproduction Scheme.

Veblen's theory of Leisure Class. Essential features of Marginalism.

Unit IV

Features of Neo-classical economics. Recent contributions with reference to selected Nobel Laureates

Essential Readings:

Roger E Backhouse (2002), *The Penguin History of economic Thought*

Collander, D C and Harry Landreth" s (1989), *History of Economic Thought*, (3rd Edition), Washingto, D.C.

503 ECONOMETRICS

Unit I

Introduction: Definition, Scope, and Methodology of econometrics; Nature, types and sources of economic data; Specification of an econometric model. Functional forms of regression models.

Simple Regression Analysis: Least square estimators (OLS) and their properties, Interpretation of regression equation.

Unit II

Multiple Regression Analysis: Estimation, interpretation and properties of the OLS, RLS, and MLE estimators; and Testing hypothesis.

Dummy Variables: Nature and uses of dummy as independent variables.

Unit III

Econometric Problems: Nature, consequences, detection and remedial measures of the problems of multicollinearity, heteroscedasticity, autocorrelation and specification errors.

Test Procedures and Model Selection: Tests of specification and misspecification, measurement errors, encompassing models, and criteria for model selection.

Unit IV

Simultaneous Equation Models: Introduction, Structural and reduced form equations, Simultaneous equation bias, Identification problem, Rank and order conditions for identification of simultaneous equation model.

Estimation of Simultaneous equations: Indirect Least Squares, Two Stages Least Squares, Three Stage Least Squares methods.

Readings:

Dougherty Christopher (2007), Introduction to Econometrics, New Delhi, Oxford University Press.

Gujarati Damodar N. (2008) Basic Econometrics (5th ed.), New Delhi, Tata-McGraw Hills Co.

Johnston, Jack & John DiNardo, D (1997) Econometric Methods (4th Ed.), Singapore, - McGraw Hills Co.

Maddala, G S (2002) Econometrics, New York, John Wiley.

Green, William (2007) Econometric Analysis, New Delhi, Pearson Education.

504 ENVIRONMENTAL ECONOMICS

Unit I

Economy and Environment: Introduction; The economy and the environment: inter-linkages; First two laws of thermodynamics

Economic Efficiency and Market Failures: Market solutions and efficiency; Market failures; Problem of externalities; Public goods and public bads; Common property resources; Non-convexities; Asymmetric information.

Unit II

Economics of Pollution : Damage functions and abatement cost functions; Marginal decisions; Optimal level of pollution; Market solutions and government actions; Economic incentives and least-cost solutions; Command and control policies.

Unit III

Valuing the Environment: Economic valuation of environmental goods; Types of environmental values; Monetary valuation techniques; Non-monetary valuation techniques; Comparing methodologies.

Unit IV

International Environmental Issues: Economics of climate change; Trade and the environment; Kyoto protocol and Carbon trading.

Basic Readings:

Goodstein, E.S (2002) Economics and the Environment (3rd ed) Prentice Hall

Kolstad Charles D. (2000), Environmental Economics, Oxford University Press

3rd Year - Semester VI

601 DEVELOPMENT ECONOMICS - II

Unit I

Agriculture- industry interface: interdependence between agriculture and industry; industrialization and urbanization (The models of Lewis, Fei and Ranis and Todaro); The Balanced Growth Doctrine (Review of Rosenstein, Nurkse and Lewis); The Strategy of Unbalanced Growth (Hirschman" s version), and the reconciliation of the two.

Unit II

Population, Growth and Development:

The Historical Changes in World Population, Demographic Transition, interrelation between population growth and economic development (from pessimism to optimism), Sustainable development.(conceptualization, concerns, indicators, and remedial measures).

Unit III

Economic isolation and integration with the Global Market: International trade and economic Development (Three stories about trade and development relationship); Developmental aid- Role, trends and Constraints; Role of Foreign Direct Investment (FDI) and Multi-national Corporations (MNCs) in the emerging scenario.

Unit IV

Market and State: An Overview of the Economic Functions of the Market and State; Efficiency of the Competitive Market, Market Failure, Government Failure, on the Choice of Economic System, Market failure in a dynamic economy.

Basic Readings:

Agarwal, A.N. and S.P. Singh eds.(1977) "*The Economics of Underdevelopment* ",
Third impression, Oxford University Press, New Delhi.

Eicher, Carl and Lawrence Witt (1970) "*Agriculture in Economic Development*", Vora & Co., Publishers Pvt. Limited, Bombay.

Meier, Gerald M. and James E. Rauch (2004) *Leading Issues in Economic Development*", Oxford University Press, New York.

Ray, Debraj (2004) *Development Economics*, Seventh impression, Oxford University Press, Delhi.

Desirable Readings:

Ranis, Gustav and John C.H. Fei (1961) “A Theory of Economic Development”, *American Economic Review*, September, pp. 533-65.

Thirlwall, A. P.(2003) *Growth and Development*, Seventh edition, Palgrave Macmillan, New York.

Yotopoulos, Pan A. and Nugent Jeffery B (1976) *Economics of Development Empirical Investigations*”, Harper and Row Publishers, New York

Hayami Yujiro and Godo Yoshihisa (2005) *Development Economics* Oxford University Press

Hirschman, A. O. (1960) *The Strategy of Economic Development* New Haven: Yale University Press

Singh, S. P. (Ed.) (1978) *Underdevelopment to Developing Economics*, Bombay, Oxford University Press.

602 COMPARATIVE ECONOMIC DEVELOPMENT

Unit I

Perspectives on Comparative Economic Development: (a) Features of and trends in

Modern Economic Growth -- a brief discussion of Kuznets findings (b) Gerschenkron's hypothesis of Economic Development in Historical Perspective

Unit II

An overview of economic development of the countries selected for case studies -- Britain, U.S.A., Japan and USSR.

Unit III

Changes in the structure of agriculture and economic development - Britain, Japan and U.S.S.R.

Unit IV

Role and pattern of industrialization in Britain, Japan and U.S.S.R.

Readings:

Simon Kuznets (1966), *Modern Economic Growth: Rate, Structure & Spread*, Yale University Press, Chs. 1 and 10.

A. Gerschenkron (1969), *Economic Backwardness in Historical Perspective*, Harvard University Press, Ch.1

(Background readings for teachers:

Angus Maddison (1991), *Dynamic Forces in Capitalist Development, A Long-Run Comparative View*, Oxford University Press, Chs. 3 and 4, to be considered for next year. P.K.O" Brien(1986), „Do we have a Typology for the Study of European Industrialization in the XIXth Century?" , *Journal of European Economic History*, XV, 3, pp.291-333.)

Britain:

E.J. Hobsbawm (1968), *Industry and Empire: An Economic History of Britain since*

1750. Weidenfeld & Nicholson, Chs.1

Floud and McCloskey (ed) (1981), *Economic History of Britain Since 1700*, Cambridge University Press, (2nd ed) Ch. 1.

USSR:

Paul R. Gregory and Robert C. Stuart (1986), *Soviet Economic Structure and Performance*, Harper & Row (3rd ed) Chs. 1 and 5

(Reading for teachers: Dobb. M. (1995) *Soviet Economic Development since 1917*. Universal Book Stall. New Delhi. Chs. 1 and 3)

USA:

Richard A. Easterlin, Davis and Parker (1972) *American Economic Growth: An economist's History of the United States*. Harper & Row, Ch.2.

Japan:

T. Nakamura (1983) *Economic Growth in Pre-War Japan*, Tr. by Robert A Feldman, Yale University Press, Ch. 1 (Overview of Growth)

Britain:

Peter Mathias (1983), *The First Industrial Nation, An Economic History of Britain, 1700-*

1914. 2nd edn, Methuen Chs.3, 12

Japan:

Y Hayami (1975), *A Century of Agricultural Growth in Pre-War Japan: Its Relevance to*

Asian Development. University of Minnesota Press, Chs. 1 and 3.

USSR:

Dobb. M (1995) *Soviet Economic Development Since 1917* Universal Book Stall. New Delhi. Ch. 9, 10, 11, 12. (Chs 10, 11 and 12 will be used both for agriculture and industry).

Britain:

Peter Mathias (1983), *The First Industrial Nation, An Economic History of Britain, 1700-*

1914. 2nd edn, Methuen Chs.5, 15

E.J. Hobsbawm (1968), *Industry and Empire: An Economic History of Britain since*

1750. Weidenfeld & Nicholson, Chs. 2, 3 & 6.

Japan:

T. Nakamura (1983) *Economic Growth in Pre-War Japan*, Tr. by Robert A Feldman, Yale University Press, Chs. 2, 3, 5 and 6.

USSR:

Dobb. M (1995) *Soviet Economic Development Since 1917* Universal Book Stall. New

Delhi. Ch.8, 10, 11 and 12 (will be used both for agriculture and industry)

Paul R Gregory and Robert C. Stuart (1986), *Soviet Economic Structure and Performance*, Harper & Row (3rd ed) Ch. 4

603 INSTITUTIONAL ECONOMICS

Unit I

Introduction to institutions

Contracts and Property Rights as Economic Institutions: Contracts and Property rights as solutions for incentive problems, Contracting institutions vs. property rights institutions, Government organization as nexus of contracts to deal with incentive problems: theory and evidence from China

Unit II

Financial Institutions: Financial institutions and separation of ownership and control, Incentive commitment problems of financial institutions

Unit III

Legal Institutions: Rule of law: contract enforcement and ownership protection, Legal origin and protection of property rights: common law vs. civil law, Law enforcement institutions: court vs. regulator, Legal institutions and economic performance

Unit IV

Institutional Change: Political economy of institutional changes, Political economy of privatization, Legal transplantation

Institution and Long Run Growth

Basic Reading:

G Roland, *Transition and Economics: Politics, Markets, and Firms*, MIT Press, 2000.

Additional:

O Hart, *Firms, Contracts, and Financial Structure*, Oxford University Press, 1995.

P Milgrom & J Roberts, *Economics, Organization and Management*, Prentice-Hall International;

D North, *Institutions, Institutional Change and Economic Performance*, Cambridge University Press, 1990

604 HEALTH ECONOMICS

Unit I

Health Care Markets: An Introduction : Some Problems in the Market for Health Care, Health Care and Economic Basics, Analyzing Health Care Markets with Economics

Unit II

Demand-Side Considerations: Demand for Health and Health Care, Market for Health Insurance

Unit III

Supply-Side Considerations: Managed Care, Health Care Professionals, Hospitals Services, Confounding Factors

Unit IV

Public Policy in Medical Care: Policies to Enhance Access, Policies to Contain Costs, Medical Care Systems Worldwide, Role of WHO, Health Policy of India

Reading:

James W. Henderson, *Health Economics and Policy*; Thomson-South-Western, (Indian edition by Akash Press, New Delhi) 2005.