

**COMMON SYLLABUS FOR UNDER  
GRADUATE  
COURSE IN ECONOMICS  
UNDER  
CHOICE BASED CREDIT SYSTEM**



**KARANJIA AUTONOMOUS COLLEGE,  
KARANJIA**

**ECONOMICS**

# **SEMESTER- I**

## **ECONOMICS**

### **Core - I**

#### **INTRODUCTORY MICROECONOMICS**

**(Credits: Theory-06)**

**End Sem-80 marks**

**Mid Sem- 20 marks**

*Teaching hours per paper – 50 hours (Theory) + 10 hours (Tutorial)*

#### **Introduction:**

This course is designed to expose the students to the basic principles of micro economic 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.

#### **Unit I: Exploring the Subject Matter of Economics, Markets and Welfare**

The Ten Principles of Economics: How people make decisions; Working of the economy as a whole; Thinking Like an Economist: The economist as Scientist – The scientific method: Observation, Theory and more observation; Role of Assumptions; Economic Models; Why economists disagree; Graphs in Economics.

The Market Forces; Markets and Competition; The Demand and Supply curves – Market vs Individual curves, Shifts in Demand and Supply Curves; Market Equilibrium and changes there in; Price Elasticity of Demand – determinants and computation; Income and Cross Elasticity of Demand; The Price Elasticity of Supply – determinants and computation; Consumer and Producer Surplus.

#### **Unit II: Theory of Consumer Choice**

The Budget Constraint; Preferences – representing preferences with indifference curves; Properties of Indifference Curves; Two extreme examples of indifference curves; Optimization – Equilibrium; Change in equilibrium due to changes in income, changes in price; Income and Substitution Effect; Derivation of Demand Curve; Three applications – Demand for Giffen goods, Wages and Labour Supply, Interest rate and Household saving.

#### **Unit III: The Firm and Market Structures**

Cost concepts; Production and Costs; The various measures of cost – Fixed and Variable cost, Average and Marginal cost; Cost curves and their shapes; Costs in the short run and in the long run; Economies and diseconomies of scale. Firms in Competitive Markets – What is a competitive market; Profit maximization and the competitive firm's supply curve; The marginal cost curve and the firm's supply decision; Firm's short-run decision to shut

down; Firm's long-run decision to exit or enter a market; The supply curve in a competitive market – short run and long run.

### **Unit IV: The Input Markets**

The Demand for Labour– The production function and the marginal product of labour; Value of the marginal product of labour and demand for labour; Shifts in labour demand curve; The supply of labour – the trade-off between work and leisure; Shifts in the labour supply curve; Equilibrium in the Labour Market; Other factors of production: Land and Capital; Linkages among factors of production.

#### **Text Book:**

- Principles of Economics, Gregory N Mankiw, 6e Cengage Learning India Private Limited, New Delhi

#### **Reference Book:**

- Karl E. Case and Ray C. Fair (2007): *Principles of Economics*, 8<sup>th</sup> Edition, Pearson Education Inc. Pindyck, Robert and Daniel Rubinfeld (2018): *Microeconomics*, 9<sup>th</sup> Edition, Pearson Education Inc

## **Core - II**

### **MATHEMATICAL METHODS FOR ECONOMICS - I**

#### **Introduction:**

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.

#### **Unit I: Preliminaries and Functions of one Real Variable**

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

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

#### **Unit II: 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.

### **Unit III: 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.

### **Unit IV: 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.

#### **Text Book:**

- A. C. Chiang and K. Wainwright (2005): *Fundamental Methods of Mathematical Economics*, McGraw Hill International Edition.

#### **Reference Book:**

- K. Sydsaeter and P. J. Hammond (2002): *Mathematics for Economic Analysis*. Pearson Educational Asia

# **SEMESTER- II**

## **Core - III**

### **INTRODUCTORY MACRO ECONOMICS**

#### **Introduction:**

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, inflation, and the balance of payments.

#### **Unit I: Basic Concepts in Macroeconomics**

Macro vs. Micro Economics; 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, factor cost, real and nominal; Disposable personal Income.

#### **Unit 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.

#### **Unit III: Money and Changes in its Value**

Evolution and Functions of Money, Quantity Theory of Money – Cash Transactions, Cash Balances and Keynesian Approaches, Value of Money and Index Number of Prices Inflation –Meaning, Causes, and Anti-Inflationary Measures; Classical, Keynesian, Monetarist and Modern Theories of Inflation, Inflationary Gap, Deflation- Meaning, Causes, and Anti-Deflationary Measures, Depression and Stagflation; Inflation vs. Deflation.

#### **Unit IV: 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

**Text Book:**

· N. Gregory Mankiw (2010): *Macroeconomics*, 7th edition, Cengage Learning India Private Limited, New Delhi

**Reference Book:**

· Richard T. Froyen (2005): *Macroeconomics*, 2<sup>nd</sup> Edition, Pearson Education Asia, New Delhi.

## Core - IV

### **MATHEMATICAL METHODS FOR ECONOMICS - II**

**Introduction:**

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.

**Unit 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.

**Unit II: Second and Higher Order Derivatives and Integration:**

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, Derivative of Implicit Function; Higher Order Partial Derivative.

Indefinite Integrals; Rules of Integration; Techniques of Integration: Substitution Rule, Integration by parts, and Partial Fractions; Definite Integral – Area Interpretation.

**Unit III: Single and Multivariable Optimization:**

Optimum values and extreme values; Relative maximum and minimum; Necessary versus sufficient conditions - First and Second derivative tests (using Hessian Determinants); Economic applications thereof, First and second order condition for extrema of multivariable functions; Convex functions and convex sets.

## **Unit IV: Optimization 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.

### **Text Book:**

- A. C. Chiang and K. Wainwright (2005): *Fundamental Methods of Mathematical Economics*, McGraw Hill International Edition.

### **Reference Book:**

- K. Sydsaeter and P. J. Hammond (2002): *Mathematics for Economic Analysis*. Pearson Educational Asia.

# **SEMESTER- III**

## **Core - V**

### **MICRO ECONOMICS - I**

**(Credits: Theory-06)**

**End Sem-80 marks  
Mid Sem- 20 marks**

*Teaching hours per paper – 50 hours (Theory) + 10 hours (Tutorial)*

#### **Introduction:**

The course is designed to provide a sound training in microeconomic theory to formally analyze the behavior 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 behavior of the consumer and the producer and also covers the behavior of a competitive firm.

#### **Unit I: Consumer Theory I**

Preferences and Utility, Axioms of Rational Choice, Utility, Trades and Substitutions, Indifference curves; Mathematics of Indifference curves, Utility functions for specific preferences, the many good case; Utility Maximization and choice: the 2-good case (graphical analysis), the n-good case, Indirect utility function, the Lump sum principle, Expenditure minimization, properties of expenditure function.

#### **Unit II: Consumer Theory II**

The Income and Substitution Effects: Demand function, changes in income, changes in a goods price- Direct and Indirect Approaches (Slutsky), the Individual's Demand Curve, Compensated (Hicksian) demand curves and functions, demand elasticity, Consumer Surplus, Demand relationships among goods, the 2-good case, substitutes and complements, Net (Hicksian) substitutes, and Complements, Substitutability with many goods.

#### **Unit III: Production Theory and Costs**

Production Functions: Marginal productivity, Production with One Variable Input (labour) and with Two-Variable Inputs, Isoquant Maps and the Rate of Technical Substitution, Returns to Scale, Elasticity of Substitution, Some Simple Production Functions: Linear, Fixed Proportions, Cobb-Douglas; Technical Progress.

Definition of Cost and its properties, Cost minimizing input choices (Optimization principles, Expansion Path), Cost Functions and Shift in Cost Curves, Long-Run versus Short-Run Cost Curves.

#### **Unit IV: Profit Maximization**

The Nature and Behavior of Firms, Marginal Revenue – Relationship between Average and marginal revenue, Short-Run Supply by a Price-Taking Firm, Profit Functions and its Properties, Profit maximization – General conditions, Input demands.



**Text Book:**

· C. Snyder and W. Nicholson (2012): Microeconomic Theory: Basic Principles and Extensions, 11<sup>th</sup> Edition, Cengage Learning, Delhi, India.

**Reference Books:**

· 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 - VI

### MACRO ECONOMICS - I

**Introduction:**

This course introduces the students to formal modeling 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.

**Unit I: Consumption and Investment**

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

**Unit II: Demand for and Supply of Money**

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

**Unit III: 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.

**Unit IV: 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.

**Text Book:**

· N. Gregory Mankiw (2010): *Macroeconomics*, 7th edition, Cengage Learning India Private Limited, New Delhi.

**Reference Book:**

· Richard T. Froyen (2005): *Macroeconomics*, 2<sup>nd</sup> Edition, Pearson Education Asia, New Delhi.

## Core - VII

### STATISTICAL METHODS FOR ECONOMICS

**Introduction:**

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 is followed by a study and measure of relationship between variables, which are the core of economic analysis. This is followed by a basic discussion on index numbers and time series. The paper finally develops the notion of probability, followed by probability distributions of discrete and continuous random variables and introduces the most frequently used theoretical distribution, the Normal distribution.

**Unit I: Data Collection and Measures of Central Tendency and Dispersion**

Basic concepts: population and sample, parameter and statistics; 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.

**Unit II: Correlation and Regression 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. Two variable linear regression analysis - estimation of regression lines (Least square method) and regression coefficients - their interpretation and properties, standard error of estimate.

**Unit III: 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; Laspey's and Fisher's index, family budget method, problems in construction and limitations of index numbers, test for ideal index number.

**Unit IV: Probability Theory and Sampling**

Probability: Basic concepts, addition and multiplication rules, conditional probability; Meaning of Sampling, Types of Sampling: Probability Sampling versus Non-Probability

Sampling; Simple Random Sampling and its selection, Systematic Sampling, Multi-stage Sampling, Quota Sampling; Error: Sampling and Non-sampling.

**Text books:**

- S. C. Gupta (2017): *Fundamentals of Statistics*, Himalaya Publishing House, Delhi

**Reference Book:**

- Murray R. Spiegel (2017): *Theory & Problems of Statistics*, Schaum's publishing Series.

# SEMESTER- IV

## Core - VIII

### MICRO ECONOMICS - II

#### **Introduction:**

This course is a sequel to Microeconomics I. The emphasis will be on giving conceptual clarity 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.

#### **Unit I: Firm Supply and Equilibrium**

Market Environments; Pure competition; Supply decision of a competitive firm and Exceptions; Inverse Supply Function; Profits and Producer's Surplus; Long Run Supply Curve of a Firm; Long Run Average Costs; Short Run and Long Run Industry Supply; Industry Equilibrium in Short and Long Run; Meaning of Zero Profits; Economic Rent.

#### **Unit II: General Equilibrium, Efficiency and Welfare**

The Edgeworth Box; Trade; Pareto Efficient Allocations; Existence of equilibrium and efficiency; The Welfare Theorems and their implications; The Firm; Production and the Welfare Theorems ;Production possibilities, comparative advantage and Pareto efficiency.

#### **Unit III: Market Imperfections: Monopoly and Oligopoly**

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. Monopolistic competition; Price output determination; excess capacity under Monopolistic competition.

#### **Unit IV: Game Theory**

The Payoff Matrix of a Game; Nash Equilibrium; Mixed Strategies ;The Prisoner's Dilemma; Repeated Games; Enforcing a cartel; Sequential Games; A Game of entry deterrence.

Oligopoly – Choosing a strategy; Quantity and price leadership; Simultaneous Quantity Setting; Example of Cournot Equilibrium; Simultaneous Price Setting; Collusion.

#### **Text Book:**

• 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.

#### **Reference Book:**

• C. Snyder and W. Nicholson (2012): Microeconomic Theory: Basic Principles and Extensions, 11<sup>TH</sup> Edition, Cengage Learning, Delhi, India.

· Pindyck, Robert and Daniel Rubinfeld (2018): *Microeconomics*, 9<sup>th</sup> Edition, Pearson Education Inc.

## Core - IX

### MACRO ECONOMICS - II

#### **Introduction:**

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.

#### **Unit I: Modeling Economic Growth**

Accumulation of Capital in the basic Solow Model; supply and demand for goods, growth in the capital stock and the steady state, Golden rule level of capital: Comparing steady states, transition to the golden rule steady state with too much and too little capital, Population Growth, Technological Progress- Solow version, Beyond Solow Model and Endogenous Growth.

#### **Unit II: Open Economy and Macroeconomic Policy**

Balance of payments- concept; meaning of equilibrium and disequilibrium in balance of payments; Determination of foreign exchange rate- the balance of payments theory; Fixed versus flexible exchange rates; Short-run open economy model- the basic Mundell-Fleming model; Macroeconomic Policies – Fiscal policy, Crowding –out and Crowding – in; Monetary policy and instruments, the Transmission Mechanism; Effectiveness of macroeconomic policies in open and closed economies.

#### **Unit III: Classical and Keynesian Macroeconomics Thoughts**

Keynes verses classics: Classical macroeconomics, Employment and output determination, Say' slaw, the quantity theory of money, Keynes's General theory: Keynes's main propositions; analysis of the labour market, Keynes's critique of Say's law and Quantity theory of money, the orthodox Keynesian school, underemployment equilibrium in the Keynesian model, the Phillips curve and orthodox Keynesian school.

#### **Unit IV: Monetarist and New Classical Macroeconomic Thoughts**

The orthodox monetarist school, the Quantity Theory of Money approach, the expectation saugmented Phillips curve analysis, the orthodox monetarist school and stabilization policy. New Classical Economics: The influence of Robert e Lucas Jr, the structure of new classical models: the Rational Expectations hypothesis; and policy implications.

#### **Text Book:**

· N. Gregory Mankiw (2010): *Macroeconomics*, 7<sup>th</sup> edition, Cengage Learning India Private Limited, New Delhi

#### **Reference Book:**

- Brian Snowdon and Howard R Vane (2005): Modern Macroeconomics: Its Origins, Development and Current State, Edward Elgar.

## **Core - X**

### **Research Methodology**

#### **Introduction:**

The course is to develop a research orientation among the students and to acquaint them with fundamentals of research methods. Specifically, the course aims at introducing them to the basic concepts used in research and to scientific social research methods and their approach. It includes discussions on sampling techniques, research designs and techniques of analysis.

#### **Unit I: Basics of Research**

Introduction to Research: Meaning, Objectives, Motivation, Types, Approaches, Significance, Research Process, Criteria of Good Research; Qualities of a Good Researcher, Research as a Career.

#### **Unit II: Research Problem**

Defining the Research Problem: What is a Research Problem? Selecting the Problem, Necessity of Defining the Problem, Technique Involved in Defining a Problem; Research Design: Meaning, Need, Features of a Good Design, Important Concepts Relating to Research Design, Different Research Designs, Basic Principles of Experimental Designs.

#### **Unit III: Issues in Research**

Measurement in Research, Measurement Scales, Sources of Error in Measurement, Tests of Sound Measurement, Techniques of Measurement Tools, Scaling and Important Scaling Technique Research Ethics: codes and ethics, permissions to research, responsibilities, confidentiality, feedback, participatory research; Research Proposal and literature review: research proposal, review of literature, levels of analysis, using the library and internet, abstracting, word processing, plagiarism, Concept of IPR.

#### **Unit IV: Actions in Research**

English in report writing: words, sentences, paragraph, writing style; The Report: improving quality, sections, drawing conclusions, evaluation checklists, persistence; Common Citation Styles.

**Text Book:**

- Kothari, C. R. (2004): Research Methodology: Methods and Techniques, New Age International Private Limited Publishers, New Delhi.

**Reference Books:**

- Guthrie, G. (2010): Basic Research Methods, Sage Publications India Private Limited, New Delhi.

# **SEMESTER- V**

## **Core – XI**

### **INDIAN ECONOMY- I**

#### **Introduction:**

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.

#### **Unit 1: Basic Characteristics of Indian Economy as a Developing Economy**

Indian Economy in the Pre-British Period. The Structure and Organization of Villages and Towns Industries and Handicrafts in Pre-British India: Colonialism; Economic Consequences of British Rule; Decline of Handicrafts and Progressive Ruralization; The Land System and Commercialization of Agriculture Industrial Transition: Colonial Exploitation and impacts Underdevelopment Colonization and Modernization: State Policies and Economic Underdevelopment; The Current State of Indian Economy

#### **Unit II: Population and Human Development**

Population Growth and Economic Development-size, growth and future of population: Causes of rapid population growth, Population and economic development: Population policy, Demographic issues- Sex and Age Composition of population; Demographic Dividend. Urbanization and Migration; Human Resource Development Indicators and importance of Human Resource Development Education policy, Health and nutrition.

#### **Unit III: National Income in India-The Growth Story and Current Challenges**

Trends in national and per capita income. Changes in sectoral composition of national income; Regional disparities in Growth and Income, Savings and Investment and Economic Growth-The Linkage: Poverty-Estimation and Trends, Poverty Alleviation Programs-MGNREGA, NRLM, SISRY: Inequality Measures and trends in India, Unemployment- Nature, Estimates, Trends, Causes and Employment Policy.

#### **Unit IV: Economic Planning in India**

Rationale, Features, Objectives, Strategies, Achievements and Assessment of Planning in India, Eleventh Five Year Plan-Objectives, Targets and Achievements; Twelfth Five Year Plan-Vision and Strategy: From Planning to NITI- Transforming India's Development Agenda.



**Text Book:**

- Mira, S. K. and Puri V. K. Indian Economy-Its Development Experience: Himalaya Publishing House, Mumbai

**Reference Books:**

- Dutt R. and Sundaram K. P. M. Indian Economy S Chand & Company Ltd New Delhi
- Indian Economy Dutt and Sundharam, Gaurav Datt and Ashwani Malajan, S Chand Publications, 7th Revised Edition
- Indian Economy Since Independence, ed by Uma Kapila, Academic Foundation, Revised Nineteenth Edition 2005-09
- Government of India (Current Year): Economic Survey, Ministry of Finance, New Delhi.

## Core - XII

### DEVELOPMENT ECONOMICS - I

#### **Introduction:**

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.

#### **Unit 1: Study of Economic Development**

Development Economics as subject, economic growth and economic development; Characteristics of underdeveloped countries-vicious cycle of poverty and cumulative causation, obstacles to economic development; measures of economic development-national and per capita income, basic needs approach, capabilities approach, three core values of development PQLI,HDI, HPIL. MDPL GDI: capital formation and economic development.

#### **Unit II: Theories of Economic Growth and Development**

Classical theory. Marviin theory, Schumpeterian theory. Rostow's stages of economic growth Solow model and convergence with population growth and technical progress.

#### **Unit III: Poverty, Inequality, Agriculture, Industry and Development**

Measuring poverty Head Count Ratio, Poverty Gap Ratio Squared Poverty Ratio, FGT Ratio Measuring Inequality-Lorenz curve and Kuznets' inverted U hypothesis; Growth, poverty and inequality Policy options-some basic considerations.

Agriculture, Industry and Economic Development: Role of agriculture; Transforming traditional agriculture Barriers to agricultural development; Role of industrialization, Interdependence between agriculture and industries - A model of complementarities between agriculture and industry, terms of trade between agriculture and industry, functioning of markets in agrarian societies; interlinked agrarian markets

## **Unit IV: Institutions and Economic Development**

Role of institutions in economic development; Characteristics of good institutions and quality of institutions; The pre-requisite of a sound institutional structure: Different measures of institutions aggregate governance index, property rights and risk of expropriation. The role of democracy in economic development; Role of markets and market failure; Institutional and cultural requirements for operation of effective private markets, Market facilitating conditions Limitations of markets in LDCs; Corruption and economic development tackling the problem of corruption.

### **Test book:**

- Todaro, Michael P and Stephen C Smith (2006) Economic Development, 8<sup>th</sup> Edition, Pearson

### **Reference Books:**

- Debraj Ray (2000) Development Economic Oxford University Press.
- Thirlwall, AP (2011) Economics of Development, Edition, Palgra Macmilla

## **Discipline Specific Elective - I**

### **PUBLIC ECONOMICS**

#### **Introduction:**

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.

#### **Unit I: Introduction to Public Finance and Public Budgets**

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

#### **Unit II: Public Expenditure**

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

#### **Unit III: Public Revenue**

Sources of Public Revenue; Taxation - meaning, cannons 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.

#### **Unit IV: Public Debt**

Sources, effects, debt burden – Classical/ Ricardian views, Keynesian and post-Keynesian views; shifting - intergenerational equity, methods of debt redemption, debt management, tax verses debt.

#### **Text Books:**

- J. Hindriks and G. Myles (2006): *Intermediate Public Economics*, MIT Press.

#### **Reference Book:**

- R. A. Musgrave and P. B. Musgrave(1989): *Public Finance in Theory and Practices*. McGraw Hill
- Bhatia H L (2018): *Public Finance*. Vikas Publishing House.

### **Discipline Specific Elective - II**

#### **MONEY, BANKING AND FINANCIAL MARKET**

#### **Introduction:**

This course exposes students to the theory and functioning of the monetary and financial sectors of the economy. It highlights the organization, structure and role of financial markets and institutions. It also discusses interest rates, monetary management and instruments of monetary control. Financial and banking sector reforms and monetary policy with special reference to India are also covered.

#### **Unit I: Money**

Definition and functions of money; Types of money: legal tender money and bank money, near money; Value of money and index number; construction of index number; WPI, CPI, PPI, GDP deflator, Cost of living index.

Demand for money- Classical and Keynesian approaches, Patinkin and the Real Balance Effect; Friedman's Quantity theory of money. Supply of Money- Measures of money supply:  $M_1, M_2, M_3$  and  $M_4$ ; High powered money and money multiplier.

#### **Unit II: Commercial Banking**

Meaning and types; Functions of commercial banks; the process of credit creation and its limitations; Balance sheet and portfolio management, Banking sector reforms in India; Lessons from Global Financial Crisis and Policy Response in India.

#### **Unit III: Central Banking**

Functions of a central bank; Quantitative and qualitative methods of credit control; Central Bank's Supervision and prudential measures for Financial stability; current monetary policy of India, liquidity adjustment facility (LAF) through Repo and reverse repo operation, MSF.

#### **Unit IV: Financial Markets**

Financial Market, Meaning, Types , Money market and Capital Market, Primary and Secondary Market, Stock Exchanges, SEBI; Role of Financial Markets for Economic Development.

#### **Text Book**

- L. M. Bhole and J. Mahukud, *Financial Institutions and Markets*, Tata McGraw Hill, 5<sup>th</sup> edition, 2011.

# **SEMESTER- VI**

## **Core - XIII**

### **INDIAN ECONOMY II**

#### **Introduction:**

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.

#### **Unit 1: 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.

#### **Unit 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 SSB, Industrial sickness; Industrial finance; Industrial labour.

#### **Unit III: Tertiary Sector, HRD and the External Sector**

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 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

#### **Unit IV: Indian Economy and Environment**

Environmental Policies in India The Environment (Protection) Act 1986, The Environment (Protection) Rules 1986, The National Forest Policy 1988, Policy statement for Abatement of Pollution 1992, National Conservation Strategy and policy Statement on Environment and Development 1992. The National Environment Appellate Authority Act 1997, National Environmental Policy 2006, Global deal with Climate Change: Introduction Intergovernmental Panel for Climate Change (IPCC), Impact of Climate Change on India, Global Response on Climate Change, Possible Role of India.

## **Text Book:**

- Misra, S. K. and Puri V. K. Indian Economy - Its Development Experience. Himalaya Publishing House, Mumbai

## **Reference Books:**

- Dutt R. and Sundharam K. P. M. Indian Economy S. Chand & Company Ltd, New Delhi.
- Indian Economy Datt and Sundharum, Gaura Dan and AshwaniMahajan, S Chand Publications, 7 Revised Edition
- Indian Economy Since Independence, ed by Uma Kapila, Academic Foundation, Revised Nineteenth Edition 2008-09
- Government of India (Current Year): Economic Survey, Ministry of Finance, New Delhi.

## **Core - XIV**

### **DEVELOPMENT ECONOMICS - II**

#### **Introduction:**

This is the second unit 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.

#### **Unit I: Population and Development**

Demographic concepts birth and death rates, age structure, fertility and its determinants, the Malthusian population trap and the microeconomic household theory of fertility, costs and benefits of population growth and the model of low level equilibrium trap; rural-urban migration-the Harris Todaro migration model and policy implications

#### **Unit II: Dualism and Economic Development**

Dualism-geographic, social and technological; the theory of cumulative causation (Myrdal); the regional inequalities in the context of economic development; the inverted U relationship international inequality and the centre periphery thesis; dependency, exploitation and unequal exchange, the dualistic development thesis and its implications.

#### **Unit III: Environment and Development**

Basic issues of environment and development- Development and environment degradation and externalities, common property resources, sable and non-renewable resources, concept of sustainable development, basics of climate change.

## **Unit IV: International Trade and Economic Development and Financing Economic Development**

Trade and economic development, export led growth, terms of trade and economic growth-the Prebisch Singer Hypothesis, trade strategies for development import substitution vs. export promotion international commodity agreements, trade vs aid.

Saving, capital formation and economic development, financial sector and economic development, taxation, public borrowing and economic development, inflation, foreign finance, investment and foreign aid- controversies and opportunities

### **Test Bank:**

- Todaro, Michael P and Stephen C Smith (2006), Economic Development & Edition Person
- Reference Book: Thirlwall, AP (2011), Economics of Development, Edition, Palgrave Macmilla

## **Discipline Specific Elective - III**

### **Environmental Economics**

#### **Introduction:**

This course introduces the students to the basics of environmental economics to understand the fundamentals of environmental concerns and develop insights into valuation of environment.

#### **Unit I: Economy and Environment**

Nature and Scope of Environmental Economics- Environment and Economy interaction; Environment as a public good- Serious environmental problems of Developing Countries – Air pollution, water pollution and deforestation.

Global environmental problems, trade and environment, International Cooperation for Environmental Protections, Montreal and other protocols.

#### **Unit II: The Economics of Pollution and Climate Change**

Pollution as externality, The market Approach to optimal pollution, Property rights and market bargain theorems, Coase theorem; Pigouvian Taxation, Subsidies and optimal pollution; Climate change – concept, causes, effects and management.

#### **Unit III: Valuation of Environmental Damage**

Methods and difficulties of environmental valuation, Economic value, Use value, Option value, Existence value; Direct and Indirect Valuation of Environmental Goods: The hedonic price approach, Contingent valuation, Travel cost approach.

#### **Unit IV: Natural Resources and Sustainable Development**



Natural resources- Renewable and exhaustible; Tragedy of commons, People's Participation in the management of common property resources; Sustainable Development Concepts, Sustainability rules, Indicators of sustainability, Solow / Hartwick, Natural capital stock, Safe Minimum Standard.

**Text Book:**

- Bhattacharya, R. N. (2002): Environmental Economics: An Indian Perspectives, OUP, New Delhi

**Reference Book:**

- Kolstad, C.D (1999); Environmental Economics Oxford University Press, New Delhi.

**Discipline Specific Elective - IV**

**DISSERTATION/RESEARCH PROJECT**

(College can give this choice only for students with above 60% aggregate marks)

**Introduction:**

The project is intended to establish the connection between Economics as confined to the text books and class rooms and Economics at play in the ground. It is expected to give an empirical content to the subject. Economics is defined as the study of mankind in the ordinary business of life. It studies individual as well as group behavior.

Project work at the undergraduate level is an in-depth study on a topic chosen by the student. The objective of the project work for the students at undergraduate level is to expose students to the social and real world contexts in which the subjects taught in the classroom have applications. Therefore, the topic must be related to the field of study the student is enrolled. It is undertaken with the guidance of a faculty supervisor, and involves a prolonged period of investigation and writing. The supervisor is supposed to help the student and mentor him/her throughout, from selection of the topic to submission of the project report.

The project output will be a project report written on the topic, chosen by the student and approved by the guide, in about 10000 words.

The process of project preparation typically comprises of an investigation of a particular topic; The p based on the application of philosophical and theoretical knowledge available in the already existing scientific literature and other published sources of information. The student may use already available data (texts, documents, artworks or existing data sets) or she may go for collection of data from the field. The final report should ideally have the following sections.

- (1) Abstract (in about 500 words) containing a summary of the entire report.
- (2) Introduction of the topic, arguments for choosing such a topic and the key investigation propositions
- (3) A review of the existing knowledge on the topic
- (4) Information on the data and data treatment tools used in the study

- (5) An analysis of data and findings
- (6) Conclusions
- (7) References

# **SEMESTER-I/II**

## **Generic Elective – I ( G.E. – A<sub>1</sub>/B<sub>1</sub>)**

### **INDIAN ECONOMY**

#### **Introduction:**

This paper introduces the students to the essentials of Indian economy with an intention of understanding the basic feature of the Indian economy and its planning process. It also aids in developing an insight into the agricultural and industrial development of India. The students will understand the problems and policies relating to the agricultural and industrial sectors of India and current challenges of Indian economy.

#### **Unit I: Introduction to Indian Economy and Current Challenges:**

Colonialism & British Rule: Exploitation and under-development in India; Basic features of India Economy; Indian Economy as a developing economy; Demographic trends in India - Size and growth of population, Occupational structure, Sex composition, Age structure and demographic dividend; Causes of population growth and population policy. The problem of unemployment and recent policies for employment generation; The problem of inequality in income distribution and its causes, Policies to address inequality.

#### **Unit II: Indian Agriculture**

Role of Agriculture in Indian Economy, Cause of low productivity, Green Revolution and Land Reforms, Agricultural Finance-Sources and Problems; Agricultural Marketing in India.

#### **Unit III: Industrial Development in India**

Role of Industrialization in Indian Economy, Small Scale & Cottage Industries: Meaning, Role. Problems and Remedies: Industrial Policies of 1948, 1956, 1977 and 1991; Problems of Industrial Development in India: Industrial Sickness.

#### **Unit IV: Service Sector in India**

Growth & Contribution to GDP; Composition and relative importance of service sector, Factors determining growth of the sector, ICT and IT-Spread and Policy, Sustainability of services led growth.

#### **Text books:**

- Misra, S. K. and Puri V. K. Indian Economy - Its Development Experience. Himalaya Publishing House, Mumbai.

## Reference Book:

- Dutt R. and Sundharam K. P. M. Indian Economy. S. Chand & Company Ltd., New Delhi.

# **SEMESTER-III/IV**

## **Generic Elective – II ( G.E. – A<sub>2</sub>/B<sub>2</sub>)**

### **INTRODUCTORY MICRO ECONOMICS**

#### **Introduction:**

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 situation.

#### **Unit I: Exploring the Subject Matter of Economics, Markets and Welfare**

The Ten Principles of Economics How people make decisions Working of the economy as a whole; Thinking Like an Economist: The economist as Scientist The scientific method: Observation, Theory and more observation. Role of assumptions: Economic Models, Why economists disagree, Graphs in Economics.

The market forces; Markets and competition: The demand and supply curves - Market vs individual curves, Shifts in demand and supply curves: Market equilibrium and changes there in; price elasticity of demand-determinants and computation, Income and cross elasticity of demand; The price elasticity of supply-determinants and Computation; Consumer and Producer Surplus.

#### **Unit II: Theory of Consumer Choice**

The Budget Constraint, Preferences-representing preferences with indifference curves; Properties of indifference curves: Two extreme examples of indifference curves; Optimization-Equilibrium; Change in equilibrium due to changes in income, changes in price: Income and substitution effect; Derivation of demand curve. Three applications- Demand for Giffen goods, Wages and Labour Supply, Interest rate and Household saving.

#### **Unit III: The Firm and Market Structures**

Cost concepts, Production and costs; The various measures of cost Fixed and variable cost, average and marginal cost: Cost curves and their shapes, Costs in the short run and in the long run Economics and diseconomies of scale Firms in competitive markets What is a competitive market Profit maximization and the competitive firm's supply curve. The marginal cost curve and the firm's supply decision Firm's short-run decision to shut down; Firm's long-run decision to exit or enter a market. The supply curve in a competitive market short- run and long run.

## **Unit IV: The Input Markets**

The demand for labour-The production function and the marginal product of labour; Value of the marginal product of labour and demand for labour; Shift in labour demand curve: The supply of the trade-off between work and leisure: Shifts in labour supply curve; equilibrium in the labour market, Other factors of production.Land and capital, Linkages among factors of production.

### **Test Book:**

- Principles of Economics Gregory N. Mankiw, 6e Cengage Learning India private Limited, New Delhi.

### **Reference Book:**

- Karl E. Case and Ray C. Fair (2007): Principles of Economics, 8th Edition, Pearson Education Inc.
- Pindyck, Robert and Daniel Rubinfeld (2018): Microeconomics, 9<sup>th</sup> Edition, Pearson Education Inc.