

CHOICE BASED CREDIT SYSTEM (CBCS)

**SYLLABUS FOR UNDERGRADUATE
ECONOMICS COURSE
(BA PROGRAMME /PASS)**

**NAGALAND UNIVERSITY
HQ: LUMAMI**

Syllabus for B.A.

Core and Discipline Specific Elective (DSE) Courses in Economics

Semester I	Semester II
Core Economics I: Principles of Microeconomics–I	Core Economics II: Principles of Microeconomics–II
AECC - English	AECC - EVS
GE - I	GE - I
Semester III	Semester IV
Core Economics III: Principles of Macroeconomics–I	Core Economics IV: Principles of Macroeconomics–II
SEC - I	SEC - II
Semester V	Semester VI
Discipline Specific Elective I One of the following:	Discipline Specific Elective II One of the following:
GE-III - From GE III students can chose GE III (a) or GE III (b) or GE III (c)	GE - IV - From GE IV students can chose GE IV (a) or GE IV (b) or GE IV (c)
SEC – III	SEC- IV
<ul style="list-style-type: none"> i. DSE 1: Economic Development and Policy inIndia–I ii. DSE 2: Money andBanking iii. DSE 3: EnvironmentalEconomics 	<ul style="list-style-type: none"> iv. DSE 3: Economic Development and Policy inIndia–II v. DSE 4: Economic History of India 1857-1947 vi. PublicFinance

Core Economics I: Principles of Microeconomics–I

Course Description

This course intends to expose the student to the basic principles in Microeconomic Theory and illustrate with applications.

UNIT – I: Exploring the subject matter of economics

Concept, scope and methodology of economics; the basic economic problems; science of economics; role of price mechanism; economic systems

UNIT – II: Demand and Supply

Law of demand and supply; determinants of individual demand and supply; Market versus individual demand and supply; shifts in the demand and supply curves; Elasticity and its applications. Consumer and producer surplus.

UNIT – III: Consumer Theory

Utility approach – cardinal and ordinal; consumer preferences; indifference curves; the marginal rate of substitution; revealed preference

UNIT – IV: Costs And Revenue

Costs and cost curves: Derivation of Short and long run cost curves and their relationships. Revenue and revenue curves under perfect and imperfect markets.

UNIT – V: Market Structure

Concept and features of Perfect and imperfect competition; the production process; Equilibrium of a firm and industry under perfect competitive market: short run and long run

Readings:

Case, Karl E. & Ray C. Fair, *Principles of Economics*, Pearson Education, Inc., 8th edition, 2007.

Core Economics II: Principles of Microeconomics–II

Course Description

This is a sequel to Principles of Microeconomics–I covered in the first semester. The objective of the course is the same as in Principles of Microeconomics I.

Course Outline

UNIT I: Consumer Theory I

Preferences and Utility: Axioms of Rational Choice, Utility, Trades and Substitutions Indifference Curves, Utility Functions for Specific Preferences, The Many-Good case Utility Maximization and Choice: The Two-Good Case (Graphical Analysis), The n-Good Case, Indirect Utility Function, The Lump Sum Principle, Expenditure Minimization, Properties of Expenditure Function

UNIT II: Consumer Theory II

Income and Substitution Effects - under Normal, Inferior and Giffen goods (Hicksian and Slutsky's) Slutsky's equation, Compensated and ordinary demand curves; buying and selling; choice under risk and inter-temporal choice; revealed preference theory

UNIT III: Production function

Technological relationship between outputs and inputs, Basic Concepts: TP, AP, MP, Isoquants, properties of isoquants, Isoquant map, Marginal Rate of Technical Substitution, Elasticity of Substitution, Expansion path, returns to scale; Production with One Variable Input (labour) and with Two-Variable Inputs Special cases of Production Functions -Linear, Fixed Proportions, Cobb-Douglas.

UNIT IV: Cost Theories

Traditional and modern theory of cost; recent development in cost theory; Analysis of economies of scale – real and pecuniary

Unit V: Labour Market

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

Readings:

Case, Karl E. & Ray C. Fair, *Principles of Economics*, Pearson Education, Inc., 8th edition, 2007.

Core Economics III: Principles of Macroeconomics–I

Course Description

This course introduces students to the basic concepts in Macroeconomics. Macroeconomics deals with the aggregate economy. In this course the students are introduced to the definition, measurement of the macroeconomic variables like GDP, consumption, savings, investment and balance of payments. The course also discusses various theories of determining GDP in the short run.

UNITI: Introduction to Macroeconomics

Meaning: Nature and Scope of Macroeconomics. Concepts, definition, importance and methods of measuring National Income; difficulties in measuring National Income; Circular Flow of income; two sector and three sector model .

UNITII: Theories of Income and Employment.

The Classical Theory of Employment (Say's Law and Pigou's Wage Cut Policy). Keynesian systems- Simple Keynesian model of income determination. Aggregate Demand and Aggregate Supply, equilibrium aggregate output. Fiscal and Monetary multipliers.

UNITIII: Money

Definition of Money-Functions of Money: Quantity Theory of Money. Money Supply: Measures of Money Supply. Credit Creation: Tools of Monetary Policy.

UNIT IV: Inflation

Inflation – meaning, types, causes and effects; demand-pull and cost-push inflation. Inflationary gap
Deflation – meaning, effects; Inflation Vs. Deflation. Hyperinflation - causes of hyperinflation, costs of hyperinflation. Anti-Inflationary Measures - Monetary policy and Fiscal policy, Trade-off between Inflation and Unemployment (Philip's Curve)

Unit V. Balance of Payments

Meaning and components of BOP; Equilibrium; causes of disequilibrium in the BOP; measures to control deficit in the BOP; BOP and BOT. Adjustment mechanisms of BOPs.

Readings:

Case, Karl E. & Ray C. Fair, *Principles of Economics*, Pearson Education, Inc., 8th edition, 2007.

Sikdar, Shoumyen, *Principles of Macroeconomics*, 2nd Edition, Oxford University Press, India

Core Economics IV: Principles of Macroeconomics–II

Course Description

This is a sequel to Principles of Macroeconomics–I. It analyses various theories of determination of National Income in greater detail. It also introduces students to concept of inflation, its relationship with unemployment and some basic concepts in an open economy.

UNIT I:Consumption Function

Short run and long run consumption functions; APC, MPC, APS, MPS. Fundamental Psychological Law of Consumption and its Implications. Theories of Consumption - Absolute, Relative, permanent and life cycle hypothesis

UNITII: Investment Function

Gross and Net, Induced and Autonomous Investment.Marginal Efficiency of Investment (MEI). Marginal Efficiency of Capital (MEC) and its measurement, Short run and Long run Factors, Investment multiplier and accelerator principle.

UNITIII: Theories of Interest

The Classical theories of Interest, Loanable Fund theory, Keynes Liquidity Preference theory of Interest, Modern theory of Interest.

UNIY IV: Theories of Trade Cycle

Meaning, phases of business cycle, Hawtray's Monetary theory of Trade cycle, Schumpeter theory of innovations, Kaldor's theory of trade cycle, Samuelson's model, Hicks model of trade cycle.

UNITV: Open economy model

Short Run Open Economy Model, Mundell Fleming model, Expenditure Switching policies , the Mint parity theory, and Purchasing Power Parity, Assets Market approach: Dornbuch's Overshooting Model, International Financial Markets.

Readings:

Case, Karl E. & Ray C. Fair, *Principles of Economics*, Pearson Education, Inc., 8th edition,2007.

Sikdar, Shoumyen, *Principles of Macroeconomics*, 2nd Edition, Oxford University Press,India

Discipline Specific Elective I

One of the following:

i. DSE 1: Economic Development and Policy in India-I
CourseDescription

This course reviews major trends in aggregate economic indicators in India and places these against the backdrop of major policy debates in India in the post- Independence period.

UNIT I: Economic Development strategy since Independence

Characteristics of Indian Economy –dualistic, mixed and a planned developing economy; determinants of economic growth and developments; key and strategic role of PSUs; economic crises and NEP 1991.

UNIT II: Demographic Features

Theory of Demographic Transition, Demographic features: Population size, growth, sex ratios, trends and policies. Rural – Urban Migration and occupational structure.

UNIT III: Growth and Distribution

Poverty- Concept and Incidence of Poverty in India, Poverty estimates, Strategy of Poverty Alleviation
Inequality- Income inequality in India - Magnitude and Nature, Causes of income inequality, Government policies and measures, Unemployment- Nature and types of unemployment in India, Causes of unemployment and Government policies and measures.

UNIT IV: Economic Planning and National income

Meaning and rationale of Planning, Basic strategies, objectives and achievements of planning, inclusive development - NITI Aayog. Measures for growth performance, national income by industrial origin.

UNIT V: External Sectors

Role of Foreign Trade; Trends in export and imports ; Composition and Direction of India's foreign trade ; BOP crises ; Export promotion measures and the new trade policy; Foreign capital - FDI and MNCs.

Readings:

Michael P Todaro and Stephen Smith. *Economic Development*, Pearson, 11th edition (2011).

Uma Kapila, *Indian Economy since Independence*, Academic Foundation, 19th edition (2009).

United Nations Development Programme, *Human Development Report 2010*, Palgrave Macmillan (2010).

Government of India, *Economic Survey* (latest)

Government of India, *Five Year Plan* (latest)

Government of India, *Finance Commission Report* (latest)

ii. DSE 2: Money and Banking:

Course Description

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

Evolution, concepts and functions of money, role of money, measurement; theories of money - demand and supply determination

UNITII: Commercial banks: functions, role, credit creation and its limitations. Bank nationalization – rationale and review

UNITIII: Central banking and monetary policy

Functions and role in developed and developing economies; targets and constraints of monetary policies; instruments of monetary controls; monetary management in an open economy and current monetary policy in India

UNITIV: Banking system

- a. Balance sheet and portfolio management – objectives and theories of portfolio management
- b. Indian banking system; changing role and structure; banking sector reforms

UNIT V: Interest rates

Determination, sources of interest rate differential; theories of term structure of interest rate; interest rates in India

Readings

F. S. Mishkin and S. G. Eakins, *Financial Markets and Institutions*, Pearson Education, 6th edition, 2009.

F. J. Fabozzi, F. Modigliani, F. J. Jones, M. G. Ferri, *Foundations of Financial Markets and Institutions*, Pearson Education, 3rd edition, 2009.

L. M. Bhole and J. Mahukud, *Financial Institutions and Markets*, Tata McGraw Hill, 5th edition, 2011.

M. Y. Khan, *Indian Financial System*, Tata McGraw Hill, 7th edition, 2011.

Various latest issues of R.B.I. Bulletins, Annual Reports, Reports on Currency and Finance and Reports of the Working Group, IMF Staff Papers.

iii. DSE 3: Environmental Economics:

Course Description

This course introduces students to concepts, methods and policy options in managing the environment using tools of economic analysis. This course should be accessible to anyone with an analytical mind and familiarity with basic concepts of economics. Since several environmental problems are caused by economic activity (for instance, carbon emissions, over-harvesting of renewable resources and air and water pollution as a by-product of industrial activity), this course examines different approaches to adjusting behaviour through economic institutions such as markets and incentives as well as through regulation, etc. It also addresses the economic implications of environmental policies through practical applications of methods for valuation of environmental goods and services and quantification of environmental damages. Conversely, the impact of economic growth on the environment is also addressed under the rubric of sustainable development. Environmental problems and issues from the Indian and international context (especially global warming) are used to illustrate the concepts and methods presented in the course. The course will be useful for students aiming towards careers in the government sector, policy analysis, business, journalism and international organisations.

UNIT I: Introduction

Environmental economics: meaning, definition, nature and scope and limitation. Economy and Environment linkages, population and environment linkages.

UNIT II: Theories of externality

Pareto optimality and market failure in the presence of externalities, property rights and Coase Theorem, public goods and public bads market failure.

UNIT III: Evolution and implementation of environmental policy

Evolution of environmental regulation, environmental legislation/policies in India. Instruments for Pollution control. Command and control policy versus market based instruments.

UNIT IV: Environmental valuation methods and Applications

Total economic valuation of environmental goods, concept of willingness to pay (WTP) and willingness to Accept (WTA). Stated preference methods and Revealed preference methods

UNIT V: Sustainable Development

Evolution, concept, definitions, indicators, measurements, perspective from Indian experience.

Readings

Roger Perman, Yue Ma, Michael Common, David Maddison and James McGilvray, "*Natural Resource and Environmental Economics*", Pearson Education/Addison

Wesley, 4th edition, 2011.

Charles Kolstad, “*Intermediate Environmental Economics*”, Oxford University Press, 2nd edition, 2010.

Robert N. Stavins (ed.), “*Economics of the Environment: Selected Readings*”, W.W. Norton, 6th edition, 2012.

Robert Solow, “An Almost Practical Step toward Sustainability,” Resources for the Future 40th anniversary lecture, 1992.

Kenneth Arrow et al., “Are We Consuming Too Much?” *Journal of Economic Perspectives*, 18(3): 147-172, 2004.

IPCC (Intergovernmental Panel on Climate Change), Fifth Assessment Report (forthcoming 2014).

Discipline Specific Elective II

One of the following:

iv. DSE 4: Economic Development and Policy in India–II

Course Description

Building on the more aggregative analysis of trends in the Indian Economy offered in Economic Development and Policy–I, this course examines sector-specific trends in key indicators and their implications in the post-Independence period.

UNIT I: Macroeconomic Policies and Their Impact

Fiscal reform measures in the context of India's New Economic Policy, Fiscal Responsibility and Budget Management (FRBM) Act, Goods and Service Tax(GST)- objectives and performance, Monetary Reforms and its impact, Black money and Parallel economy in India- consequences and corrective government intervention,.

UNIT II: Policies and Performance in Agriculture

Changing structure of Indian Agriculture, Growth and productivity of Agriculture, Sustainable agriculture- concept and constraint, Diversification of Agriculture, Capital formation, Role of technology, Green revolution, Institutions- land reforms, rural credit, agricultural marketing, and price policy and WTO and Agriculture

UNIT III: Policies and Performance in Industry

Pattern of Industrialization, Industrial growth and productivity in the post reform period, Diversification of industries, Public Sector reforms, Disinvestment and Privatization, MSME Sector, Industrial Policy reforms, Foreign Investment in the Industrial sector,

UNITIV: Trends and Performance in Services

Role of the service sector in the Indian Economy, Growth and composition of the service sector
Composition and direction of foreign trade, Trend in merchandise trade and invisibles, Balance of payments position- Pre and Post Reform period, Trade in services and WTO

UNIT V: Economy of Nagaland

Natural resources; population and occupational structure; PCI and NSDP; Structural composition; infrastructure (Physical and Social); agricultural and industrial development –problems and prospects.

Readings:

Uma Kapila, *Indian Economy since Independence*, Academic Foundation, 19th edition (2009).

Government of India, *Economic Survey*(latest)

Government of India, *Five Year Plan*(latest)

v. DSE 5: Economic History of India 1857-1947

Course Description

This course analyses key aspects of Indian economic development during the second half of British colonial rule. In doing so, it investigates the place of the Indian economy in the wider colonial context, and the mechanisms that linked economic development in India to the compulsions of colonial rule. This course links directly to the course on India's economic development after independence in 1947.

UNIT I: Colonial India:

Background: Colonial Trade in India during pre-1857, Overview of colonial economy: drain of wealth; economic, social and religious impacts of colonisation in India.

UNIT II: Macro Trends:

National income; Population; Occupational structure

UNIT III: Agriculture :

Agrarian structure and land relations; agricultural markets and institutions – credit, commerce and technology; trends in performance and productivity; famines

UNIT IV: Railways and Industry:

Railways: Role of railways in the colonial period. The deindustrialization debate; evolution of entrepreneurial and industrial structure; nature of industrialisation in the inter-war period; constraints to industrial breakthrough

UNIT V: Economy and State in the Imperial context

The imperial priorities and the Indian economy; International trade – direction and composition; Capital flows and the colonial economy – changes and continuities; Government and fiscal policy

Readings:

Lakshmi Subramanian, *“History of India 1707-1857”*, Orient Blackswan, 2010, Chapter 4.

Sumit Guha, 1991, *“Mortality decline in early 20th century India”*, *Indian Economic and Social History Review (IESHR)*, pp 371-74 and 385-87.

Tirthankar Roy, *The Economic History of India 1857-1947*, Oxford University Press, 3rd edition, 2011.

J. Krishnamurty, *Occupational Structure*, Dharma Kumar (editor), The Cambridge Economic History of India, Vol. II, (henceforth referred to as CEHI), 2005,

Irfan Habib, *Indian Economy 1858-1914*, A People's History of India, Vol.28, Tulika, 2006.

Ira Klein, 1984, -When Rains Fail: Famine relief and mortality in British India, *IESHR* 21.

Jean Dreze, *Famine Prevention in India in Dreze and Sen (eds.) Political Economy of Hunger*, WIDER Studies in Development Economics, 1990, pp.13-35.

John Hurd, *Railways*, CEHI, Chapter 8, pp.737-761.

Rajat Ray (ed.), *Entrepreneurship and Industry in India*, 1994.

AK Bagchi, -Deindustrialization in India in the nineteenth century: Some theoretical implications, *Journal of Development Studies*, 1976.

MD Morris, *Emergence of an Industrial Labour Force in India*, OUP 1965, Chapter 11, Summary and Conclusions.

K.N. Chaudhuri, *Foreign Trade and Balance of Payments*, CEHI, Chapter 10.

B.R. Tomlison, 1975, *India and the British Empire 1880-1935*, *IESHR*, Vol. XII.

Dharma Kumar, *The Fiscal System*, CEHI, Chapter 12.

Basudev Chatterjee, *Trade, Tariffs and Empire*, OUP 1992, Epilogue. Background

vi. DSE 6: Public Finance

Course Description

This course is a non-technical overview of government finances with special reference to India. The course does not require any prior knowledge of economics. It will look into the efficiency and equity aspects of taxation of the centre, states and the local governments and the issues of fiscal federalism and decentralisation in India. The course will be useful for students aiming towards careers in the government sector, policy analysis, business and journalism.

UNIT I: Introduction

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

UNIT II: Public Expenditure

Theories of public expenditure- Wagner's law of increasing state activities – Peacock Wisemans hypothesis- Principle of Maximum Social advantage –Growth and pattern of public expenditure, Effects of public expenditure-Cost benefit analysis.

UNIT III: Taxation & Public Debt

Approaches to taxation- Benefit approach, Ability to pay approach and Neutrality approach Elasticity and buoyancy of taxation-incidence and shifting of taxation-Types and classification of taxes and VAT, Approaches to public debt.

UNIT IV: Fiscal Policy & Federal Finance

Definition of fiscal policy and its objectives; Fiscal Policies for redistribution of income and wealth and stabilization – fiscal policies in a developing country, federal financial structure and its main features – Direct taxes-Income tax-Corporate tax. Indirect tax structure- Union excise duties, customs duties, sales tax –VAT, Centre-State financial Relations.

UNIT V: Budget

Budget – Classification of budgets –Economic, Functional, organizational, classification of budgets- performance programming and zero based budgets- surplus, balanced and deficit budgets- Concepts of budget deficit and their implications – State and Central budgets. Fiscal crisis and Fiscal sector reforms in India; Reports on Finance Commissions in India.

Readings

Musgrave, R.A. and P.B. Musgrave, *Public Finance in Theory and Practice*, Mc-Graw Hill, 1989.

Mahesh Purohit , “*Value Added Tax: Experience of India and Other Countries*”, Gayatri Publications,2007.

Kaushik Basu, and A. Maertens (ed.), *The Oxford Companion to Economics in India*, Oxford University Press, 2007.

M.M Sury, *Government Budgeting in India*, Commonwealth Publishers, 1990.

Shankar Acharya, “Thirty years of tax reform” in India, *Economic and Political Weekly*, May 2005.

Government of India, *Report of the 13th Finance Commission*.

Economic Survey, Government of India (latest).

State Finances: A Study of Budgets, *Reserve Bank of India* (latest).

Skill Enhancement Courses (SEC)

Skill Enhancement Course (SEC) I: FINANCIAL ECONOMICS

Course Description

Credits: 2

This course introduces students to the economics of finance. The course does not require any prior knowledge of economics. This course should be accessible to anyone with an exposure to elementary mathematics. The course is designed to impart the essential aspects of financial asset valuation. The students will be introduced to numerical techniques in finance using spreadsheet programmes such as Microsoft Excel. The course will impart skills that will be useful in a variety of business settings including investment banks, asset management companies and in the field of financial and business journalism.

UNIT I: Theory of Interest

Basic theory of interest; discounting and present value; internal rate of return; evaluation criteria; fixed-income securities; bond prices and yields; interest rate sensitivity and duration; immunisation; the term structure of interest rates; yield curve; spot rates and forward rates.

UNIT II: Portfolio Analysis

Random asset returns; portfolios of assets; portfolio mean and variance; feasible combinations of mean and variance; mean-variance portfolio analysis: the Markowitz model and the two-fund theorem; risk-free assets and the one-fund theorem.

UNIT III: Capital Asset Pricing Model (CAPM)

The capital market line; the capital asset pricing model; the beta of an asset and of a portfolio; security market line; use of the CAPM model in investment analysis and as a pricing formula.

UNIT IV: Options and Derivatives

Introduction to derivatives and options; forward and futures contracts; options; other derivatives; forward and future prices; stock index future; interest rate futures; the use of futures for hedging; duration-based hedging strategies; option markets; call and put options; factor affecting option prices; put-call parity; option trading strategies: spreads; straddle; strips and straps; strangles; the principle of arbitrage; discrete processes and the binomial tree model; risk-neutral valuation.

UNIT V: Corporate Finance

Patterns of corporate financing: common stock; debt; preferences; convertibles; capital structure and the cost of capital; corporate debt and dividend policy; the Modigliani-Miller theorem.

Readings

David G. Luenberger, *Investment Science*, Oxford University Press, USA, 1997.

Richard A. Brealey and Stewart C. Myers, *Principles of Corporate Finance*, McGraw-Hill, 7th edition, 2002.

Burton G. Malkiel, *A Random Walk Down Wall Street*, W.W. Norton & Company, 2003.
Simon Benninga, *Financial Modeling*, MIT Press, USA, 1997.

Skill Enhancement Course (SEC) II: DATA ANALYSIS

Course Description:

Credits: 2

This course introduces the student to collection and presentation of data. It also discusses how data can be summarized and analysed for drawing statistical inferences. The students will be introduced to important data sources that are available and will also be trained in the use of free statistical software to analyse data.

1. Sources of data. Population census versus sample surveys. Random sampling.
2. Univariate frequency distributions. Measures of central tendency: mean, median and mode; arithmetic, geometric and harmonic mean. Measures of dispersion, skewness and kurtosis.
3. Bivariate frequency distribution. Correlation and regression. Rank correlation.
4. Introduction to probability theory. Notions of random experiment, sample space, event, probability of an event. Conditional probability. Independence of events. Random variables and probability distributions. Binomial and normal distributions.
5. Basics of index numbers: price and quantity index numbers.

Readings:

P.H. Karmel and M. Polasek (1978), *Applied Statistics for Economists*, 4th edition, Pitman.
M.R. Spiegel (2003), *Theory and Problems of Probability and Statistics* (Schaum Series).

SKILL ENHANCEMENT COURSE (SEC) – III ADVANCE EXCEL

Credits: 2

UNIT – I

Column, Row, data, table, copy, paste, fonts, size, view

UNIT – II

Pictograph: Pie diagram, Pie chart, Bar Diagram, Line graph, Column chart, Area, Scatter diagram.

UNIT – III

Formula: Addition, Subtraction, Multiplication, Division.

UNIT – IV

Averages and extremes: mean, median, mode, frequency, minimum, maximum

UNIT – V

Pearson Correlation, Natural logarithm, Linest

SKILL ENHANCEMENT COURSES (SEC) – IV

CONTEMPORARY ECONOMIC ISSUES

Credits: 2

Course Description: The course seeks to familiarize students with basic concepts related to the Economic Survey and Union Budget. It aims to equip students with sufficient knowledge and skills to analyse these documents. Learners will have the capability to understand government policies and will in general be informed participants in economic decision making.

UNIT – I: Concepts of Fiscal policy and its terminology

Fiscal policy, areas of government spending in India; Capital and revenue expenditure, plan and non-plan expenditures; Deficits - fiscal, primary and revenue; impact of fiscal deficits on the economy; capital receipts, revenue receipts

UNIT – II: Concepts of Taxation

Tax and non-tax revenue, direct and indirect taxes, need for rationalisation of tax structure, Goods and Services Tax (GST);

UNIT – III: Concepts of Budgeting

Actual, revised and budget estimates; Zero-base budgeting; Gender budgeting; Fiscal devolution and centre-state financial relations

UNIT – IV: The Economic Survey

Analysis of current and past policy emphasis in India; Revenue, expenditure and deficits of Nagaland in recent years

UNIT – V: The Union Budget

Need for the budget, understanding the process of budget making in India; Analysis of fiscal and revenue deficits; Analysis of sources of revenue and expected growth in revenue, tax simplification, improvement in administration, expansion of tax net and other measures to improve revenue receipts, steps proposed to ensure effective spending

Reading List

Chakraborty, P. (2015). Intergovernmental fiscal transfers in India: Emerging trends and realities. In P. Patnaik (ed.): Macroeconomics Oxford University Press.

Dasgupta, D., De, S. (2012). Fiscal deficit in The new Oxford companion to economics in India, Oxford University Press.

Directorate of Statistics, Economic Survey Reports of Nagaland

Kapila, U. (2016). Fiscal and budgetary developments in Indian economy since independence. Academic Foundation.

Ministry of Finance, Economic Survey Reports

Union Budget and Governance Accountability, Recent Reports.

GENERIC ELECTIVE (GE)

GE-I: Introductory MicroEconomics

UNIT – 1: EXPLORING THE SUBJECT MATTER OF ECONOMICS

Concept, scope and methodology of economics; the basic economic problems; science of economics; role of price mechanism; economic systems

UNIT – 2: Demand and Supply

Law of demand and supply; determinants of individual demand and supply;

Market versus individual demand and supply; shifts in the demand and supply curves;

Elasticity and its applications.

Consumer and producer surplus.

UNIT – 3: CONSUMER THEORY

Utility approach – cardinal and ordinal; consumer preferences; indifference curves; the marginal rate of substitution; revealed preference

UNIT – 4: COSTS AND REVENUE

Costs and cost curves: Derivation of Short and long run cost curves and their relationships.

Revenue and revenue curves under perfect and imperfect markets.

UNIT – 5: MARKET STRUCTURE

Concept and features of Perfect and imperfect competition; the production process; Equilibrium of a firm and industry under perfect competitive market: short run and long run

GE-II: Introductory MacroEconomics

Course Outline

Unit –I: Introduction to Macroeconomics

Meaning: Nature and Scope of Macroeconomics.

Concepts, definition, importance and methods of measuring National Income; difficulties in measuring National Income;

Circular Flow of income; two sector and three sector model .

Unit – II: Theories of Income and Employment.

The Classical Theory of Employment (Say's Law and Pigou's Wage Cut Policy). Keynesian systems- Simple Keynesian model of income determination

Aggregate Demand and Aggregate Supply, equilibrium aggregate output. Fiscal and Monetary multipliers.

Unit – III: Money

Definition of Money-Functions of Money: Quantity Theory of Money. Money Supply: Measures of Money Supply. Credit Creation: Tools of Monetary Policy.

Unit – IV: Inflation

Inflation – meaning, types, causes and effects; demand-pull and cost-push inflation

Inflationary gap

Deflation – meaning, effects; Inflation Vs. deflation

Hyperinflation - causes of hyperinflation, costs of hyperinflation

Anti-Inflationary Measures - Monetary policy and Fiscal policy, Trade-off between Inflation and Unemployment (Philip's Curve)

Unit V. Balance of Payments

Meaning and components of BOP; Equilibrium; causes of disequilibrium in the BOP; measures to control deficit in the BOP; BOP and BOT. Adjustment mechanisms of BOPs.

Readings:

1. Case, Karl E. & Ray C. Fair, *Principles of Economics*, Pearson Education, Inc., 8th edition, 2007.
2. Sikdar, Shoumyen, *Principles of Macroeconomics*, 2nd Edition, Oxford University Press, India

GE – III (a): INDIAN ECONOMY - I

Credit – 6

Course Description

Using appropriate analytical framework, 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.

CourseDescription

This course reviews major trends in aggregate economic indicators in India and places these against the backdrop of major policy debates in India in the post- Independence period.

Unit- I: Economic Development strategy since Independence

Characteristics of Indian Economy –dualistic, mixed and a planned developing economy; determinants of economic growth and developments; key and strategic role of PSUs; economic crises and NEP 1991.

Unit – II: Demographic Features

Theory of Demographic Transition, Demographic features: Population size, growth, sex ratios, trends and policies. Rural – Urban Migration and occupational structure.

Unit-III Growth and Distribution

Poverty- Concept and Incidence of Poverty in India, Poverty estimates, Strategy of Poverty Alleviation Inequality- Income inequality in India - Magnitude and Nature, Causes of income

inequality, Government policies and measures, Unemployment- Nature and types of unemployment in India, Causes of unemployment and Government policies and measures.

Unit – IV: Economic Planning and National income

Meaning and rationale of Planning, Basic strategies, objectives and achievements of planning, inclusive development - NITI Aayog. Measures for growth performance, national income by industrial origin.

Unit – V: External Sectors

Role of Foreign Trade; Trends in export and imports ; Composition and Direction of India's foreign trade ; BOP crises ; Export promotion measures and the new trade policy; Foreign capital - FDI and MNCs.

Readings:

1. Michael P Todaro and Stephen Smith. *Economic Development*, Pearson, 11th
2. Uma Kapila, *Indian Economy since Independence*, Academic Foundation, 19th

edition

Readings :

1. Jean Dreze and Amartya Sen, 2013. *An uncertain Glory : India and its Contradictions*, Princeton University Press.
2. Pulapre Balakrishnan, 2007, *The Recovery of India: Economic Growth in the Nehru Era*, Economic and Political Weekly, November.
3. Himanshu, 2010, *Towards New Poverty Lines for India*, Economic and Political Weekly, January.

GE – III (b): MONEY AND BANKING

Course description:

Unit – I: Money

Evolution, concepts and functions of money, role of money, measurement; theories of money - demand and supply determination

Unit – II: Commercial banks: functions, role, credit creation and its limitations. Bank nationalization – rationale and review

Unit – III: Central banking and monetary policy

Functions and role in developed and developing economies; targets and constraints of monetary policies; instruments of monetary controls; monetary management in an open economy and current monetary policy in India

Unit – IV: Banking system

- a. Balance sheet and portfolio management – objectives and theories of portfolio management
- b. Indian banking system; changing role and structure; banking sector reforms

Unit – V: Interest rates

Determination, sources of interest rate differential; theories of term structure of interest rate; interest rates in India

Reading List

GE – III (c): ENVIRONMENTAL ECONOMICS

Course description

Unit –I: Introduction

Environmental economics: meaning, definition, nature and scope and limitation. Economy and Environment linkages, population and environment linkages.

Unit –II: Theories of externality

Pareto optimality and market failure in the presence of externalities, property rights and Coase Theorem, public goods and public bads market failure.

Unit – III: Evolution and implementation of environmental policy

Evolution of environmental regulation, environmental legislation/policies in India. Instruments for Pollution control. Command and control policy versus market based instruments.

Unit – IV: Environmental valuation methods and Applications

Total economic valuation of environmental goods, concept of willingness to pay (WTP) and willingness to Accept (WTA). Stated preference methods and Revealed preference methods

Unit –V: Sustainable Development

Evolution, concept, definitions, indicators, measurements, perspective from Indian experience.

Readings

1. Roger Perman, Yue Ma, Michael Common, David Maddison and James McGilvray, “Natural Resource and Environmental Economics”, Pearson Education/Addison Wesley, 4th edition, 2011.
2. Charles Kolstad, “Intermediate Environmental Economics”, Oxford University Press, 2nd edition, 2010.
3. Robert N. Stavins (ed.), “Economics of the Environment: Selected Readings”, W.W. Norton, 6th edition, 2012.
4. Robert Solow , “An Almost Practical Step toward Sustainability,” Resources for the Future 40th anniversary lecture,1992.
5. Kenneth Arrow et al. , “Are We Consuming Too Much?” Journal of Economic Perspectives, 18(3): 147-172, 2004.
6. IPCC (Intergovernmental Panel on Climate Change), Fifth Assessment Report (forthcoming 2014).

GE – IV (a): INDIAN ECONOMY - II

Course Description

This course examine 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. The course ends by studying the Nagaland Economy. Given the rapid changes in the country, the reading list will have to be updated annually.

Unit-I Macroeconomic Policies and Their Impact

Fiscal reform measures in the context of India's New Economic Policy, Fiscal Responsibility and Budget Management (FRBM) Act, Goods and Service Tax(GST)- objectives and performance, Monetary Reforms and its impact, Black money and Parallel economy in India- consequences and corrective government intervention,.

Unit-II Policies and Performance in Agriculture

Changing structure of Indian Agriculture, Growth and productivity of Agriculture, Sustainable agriculture- concept and constraint, Diversification of Agriculture, Capital formation, Role of technology, Green revolution, Institutions- land reforms, rural credit, agricultural marketing, and price policy and WTO and Agriculture

Unit-III Policies and Performance in Industry

Pattern of Industrialization, Industrial growth and productivity in the post reform period, Diversification of industries, Public Sector reforms, Disinvestment and Privatization, MSME Sector, Industrial Policy reforms, Foreign Investment in the Industrial sector,

Unit-IV Trends and Performance in Services

Role of the service sector in the Indian Economy, Growth and composition of the service sector
Composition and direction of foreign trade, Trend in merchandise trade and invisibles, Balance of payments position- Pre and Post Reform period, Trade in services and WTO

Unit – V: Economy of Nagaland

Natural resources; population and occupational structure; PCI and NSDP; Structural composition; infrastructure (Physical and Social); agricultural and industrial development –problems and prospects.

Reading list:

NUTA , Economic Development in Nagaland ; Prospects and Constraints.

Misra S.K. and Puri V.K. – Indian Economy. Its Development and Experiences. Himalayan Publishing House.

Vero, Y. 2018. Nagaland Economy: Its Elementary Features, Rainbow Publications, Guwahati.

GE – IV (b): ECONOMIC HISTORY OF INDIA 1857-1947

Course Description:

This course analyses key aspects of Indian economic development during the second half of British colonial rule. In doing so, it investigates the place of the Indian economy in the wider colonial context, and the mechanisms that linked economic development in India to the compulsions of colonial rule. This course leads directly to the course of India's economic development after independence in 1947.

Course Outline:

Unit – I: Colonial India:

Background: Colonial Trade in India during pre-1857

Overview of colonial economy: drain of wealth; economic, social and religious impacts of

colonisation in India.

Unit – II: Macro Trends:

National income; Population; Occupational structure

Unit – III: Agriculture :

Agrarian structure and land relations; agricultural markets and institutions – credit, commerce and technology; trends in performance and productivity; famines

Unit – IV: Railways and Industry:

Railways: Role of railways in the colonial period. The deindustrialization debate; evolution of entrepreneurial and industrial structure; nature of industrialisation in the inter-war period; constraints to industrial breakthrough

Unit – V: Economy and State in the Imperial context

The imperial priorities and the Indian economy; International trade – direction and composition; Capital flows and the colonial economy – changes and continuities; Government and fiscal policy

Readings:

1. L. Subramaniam, History of India 1707-1857, Ch. 4, pp 129-179.

2. C. A. Bayly, Indian Society and the Making of the British Empire, The New Cambridge Eco History of India. Orient Longman, 1987, Conclusion, pp 200-206.

3. A.K. Bagchi, “Deindustrialisation in India in the Nineteenth Century: Some theoretical implications”, Journal of Development Studies, 1976 (pp. 135-145) [This reading should be used as an essential background to P. Parthasarathy’s article in Section 4.]

GE – IV (c): PUBLIC FINANCE

Course description:

Unit - I: Introduction

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

Unit- II: Public Expenditure

Theories of public expenditure- Wagner’ s law of increasing state activities – Peacock Wisemans hypothesis- Principle of Maximum Social advantage –Growth and pattern of public expenditure, Effects of public expenditure-Cost benefit analysis.

Unit- III: Taxation & Public Debt

Approaches to taxation- Benefit approach, Ability to pay approach and Neutrality approach Elasticity and buoyancy of taxation-incidence and shifting of taxation-Types and classification of taxes and VAT, Approaches to public debt.

Unit- IV: Fiscal Policy & Federal Finance

Definition of fiscal policy and its objectives; Fiscal Policies for redistribution of income and wealth and stabilization – fiscal policies in a developing country, federal financial structure and its main features – Direct taxes-Income tax-Corporate tax. Indirect tax structure- Union excise duties, customs duties, sales tax –VAT, Centre-State financial Relations.

Unit- V: Budget

Budget – Classification of budgets –Economic, Functional, organizational, classification of budgets- performance programming and zero based budgets- surplus, balanced and deficit budgets- Concepts of budget deficit and their implications – State and Central budgets. Fiscal crisis and Fiscal sector reforms in India; Reports on Finance Commissions in India.

References

1. Atkinson, A Band J.E Siglitz (1980) :Lecturers on Public Economics, Tata McGraw Hill, New York..
2. Buchanan, J M (1970) :The Public Finances, Richard D Irwin, Homewood.
3. Goode, R (1986) : Government Finance in Developing Countries, Tata McGraw Hill, New Delhi.
4. Houghton, J M (1970) : The Public Finance: Selected Readings, Penguin, Harmondsworth.
5. Jha, R (1998): Modern Public Economics, Routledge, London.
6. Menutt, P (1996) :The Economics of Public Choice, Edward Elgar, U.K.
7. Musgrave, R A and P.B. Musgrave (1976) : Public Finance in Theory and Practice, McGraw Hill, Kogakusha, Tokyo.