

CHOICE BASED CREDIT SYSTEM (CBCS)

**SYLLABUS FOR UNDERGRADUATE
ECONOMICS COURSE
(BA HONOURS)**

NAGALAND UNIVERSITY

HQ: LUMAMI

Syllabus for B.A. (Hons.) Economics

Course Structure for B.A. (Hons.) Economics:

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

The syllabi for the Discipline Specific Elective (DSE) Courses are provisional and subject to revision.

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

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

Annexure – II: New Course (CBCS)

Semesters	Code No.	Proposed Course	
I	CC 1	Introductory Microeconomics	
	CC 2	Mathematical Methods for Economics – I	
	AECC 1	AECC 1 (English/MIL)	
	GE 1	Generic Elective I (Introductory Microeconomics)	
II	CC 3	Introductory Macroeconomics	
	CC 4	Mathematical Methods for Economics – II	
	AECC 2	AECC 2 (EVS)	
	GE 2	Generic Elective II (Introductory Macroeconomics)	
III	CC 5	Intermediate Microeconomics – I	
	CC 6	Intermediate Macroeconomics – I	
	CC 7	Statistical Methods for Economics	
	SEC 1	SEC - I	
	GE 3	From GE III students can chose GE III (a) or GE III (b) or GE III (c)	
IV	CC 8	Intermediate Microeconomics – II	
	CC 9	Intermediate Macroeconomics – II	
	CC 10	Introductory Econometrics	
	SEC 2	SEC - II	
	GE 4	From GE IV students can chose GE IV (a) or GE IV (b) or GE IV (c)	
V	CC 11	Indian Economy – I	
	CC 12	Development Economics - I	
	DSE Course I	DSE Course I (From Group I)	
	DSE Course II	DSE Course II (From Group I)	
VI	CC13	Indian Economy – II	
	CC 14	Development Economics - II	
	DSE Course III	DSE Course III (From list of Group II)	
	DSE Course IV	DSE Course IV (From list of Group II)	
DSE	Group - I	DSE i	Economics of Health and Education
		DSE ii	Applied Econometrics
		DSE iii	Economic History of India (1857 – 1947)
		DSE iv	Topics in Microeconomics – I
		DSE v	Political Economy – I
		DSE vi	Financial Institution and Markets
		DSE vii	Public Economics
DSE	Group - II	DSE viii	Political Economy – II
		DSE ix	Comparative Economic Development (1850-1950)
		DSE x	Financial Economics
		DSE xi	Topics in Microeconomics – II
		DSE xii	Environmental Economics
		DSE xiii	International Economics
		DSE xiv	Dissertation/Project

CORE COURSE 1: INTRODUCTORY MICROECONOMICS

Course description:

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

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

Reading List

1. Karl E. Case and Ray C. Fair, *Principles of Economics*, Pearson Education Inc., 8th Edition, 2007.
2. N.Gregory Mankiw, *Economics: Principles and Applications*, India edition by South Western, a part of Cengage Learning, Cengage Learning India Private Limited, 4th edition, 2007.
3. Joseph E. Stiglitz and Carl E. Walsh, *Economics*, W.W. Norton & Company, Inc., New York, International Student Edition, 4th Edition, 2007.

CORE COURSE 2: MATHEMATICAL METHODS – I

Course description:

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

Unit - I Sets and Functions

Sets – Concepts and types; Venn diagram; numbers of elements and Cartesian products.
Functions – types of function and its applications; system of equations.

Unit – II: Number system

Uses of numbers; axiomatic properties of real number and completeness; complex numbers; graphical representation of complex number.

Unit –III: Analytical Geometry

Application of straight line; points and lines; slope of the line curves; distance and section formulas; parabola; circle.

4. Differentiation.

Functions and limits, Differentiation; Rules of differentiation, Marginal revenue, average revenue, total revenue, marginal cost, average cost and total cost, Maxima and Minima, profit maximisation.

5. Integration of functions.

Indefinite integrals - Rules of integration

Techniques of integration- substitution rule, integration by parts and partial fraction

Applications to economic problems

Derivation of total functions from marginal functions

Definite integrals - properties of definite integrals

Application in case of consumer's surplus and producer's surplus.

.Reading Lists:

K. Sydsaeter and P. Hammond, *Mathematics for Economic Analysis*, Pearson Educational Asia: Delhi, 2002.

GS Monga: *Mathematics and Statistics for Economics*.

CORE COURSE – 3: INTRODUCTORY MACRO ECONOMICS

Course Outline:

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: 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.

Reading Lists:

1. Dornbusch, Fischer and Startz, *Macroeconomics*, McGraw Hill, 11th edition,2010.
2. N. Gregory Mankiw. *Macroeconomics*, Worth Publishers, 7th edition,2010.
3. Olivier Blanchard, *Macroeconomics*, Pearson Education, Inc., 5th edition,2009.
4. Richard T. Froyen, *Macroeconomics*, Pearson Education Asia, 2nd edition,2005.
5. Andrew B. Abel and Ben S. Bernanke, *Macroeconomics*, Pearson Education,Inc., 7th edition,2011.
6. Errol D'Souza, *Macroeconomics*, Pearson Education,2009.
7. Paul R. Krugman, Maurice Obstfeld and Marc Melitz, *International Economics*, Pearson Education Asia, 9th edition, 2012.

CORE COURSE 4: MATHEMATICAL METHODS– II

Course Outline:

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 1. Matrix Algebra

Matrix – different types and its elementary operations

Rank of Matrix, simultaneous solution

Determinants – basic operations, properties and solution, Cramer's rule,

Unit2. Partial and total differentiation.

Partial differentiation and marginal product

Further application of partial differentiation,

Second order partial differentiation

Unconstrained optimization with two variables

Total differentiation.

Unit3. Constrained optimization (with equality constraints)

Constrained optimization by substitution,

Lagrange multiplier; constrained maximization and minimization with two variables,

Constrained optimization with more than two variables two variables.

Unit4. Unconstrained optimization

First order for maximum and minimum,

Second order condition for maximum and minimum

Profit maximization

Inventory control.

Unit 5. Differential and difference Equations.

Basic principles of differential equation; Solution of differential equation; first order of differential equation.

Definition and Solution of Difference equation; first order of difference equation.

Suggested readings

Rosser Mike, 2003, Basic Mathematics for Economist, second edition, Routledge Publication.

Monga GS, 2002, Mathematics and statistics for economics, second edition, Vikas Publication.

Yamane Taro, 1998, mathematics for economist, second edition, Prentice hall india publication.

CORE COURSE 5: INTERMEDIATE MICROECONOMICS-1

Course Outline:

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

Unit 1. 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 2. 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 3: 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 4: Cost Theories

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

Unit 5: 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.

Reading list

1. Hal R. Varian, *Intermediate Microeconomics, a Modern Approach*, W.W. Norton and Company/Affiliated East-West Press (India), 8th edition, 2010. The workbook by Varian and Bergstrom may be used for problems.
2. C. Snyder and W. Nicholson, *Fundamentals of Microeconomics*, Cengage Learning (India), 2010.
3. B. Douglas Bernheim and Michael D. Whinston, *Microeconomics*, Tata McGraw- Hill (India), 2009.

CORE COURSE –: 6: INTERMEDIATE MACROECONOMICS –I

Course Outline:

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-1 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

Unit-2 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.

Unit 3: Theories of Interest.

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

Unit 4: 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.

Unit 5: 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: Dornbusch's Overshooting Model, International Financial Markets.

Reading List

1. Dornbusch, Fischer and Startz, *Macroeconomics*, McGraw Hill, 11th edition, 2010.
2. N. Gregory Mankiw. *Macroeconomics*, Worth Publishers, 7th edition, 2010.
3. Olivier Blanchard, *Macroeconomics*, Pearson Education, Inc., 5th edition, 2009.
4. Steven M. Sheffrin, *Rational Expectations*, Cambridge University Press, 2nd edition, 1996.
5. Andrew B. Abel and Ben S. Bernanke, *Macroeconomics*, Pearson Education, Inc., 7th edition, 2011.
6. Errol D'Souza, *Macroeconomics*, Pearson Education, 2009
7. Paul R. Krugman, Maurice Obstfeld and Marc Melitz, *International Economics*, Pearson Education Asia, 9th edition, 2012.

CORE COURSE –: 7. STATISTICAL METHODS FOR ECONOMICS

Course description

This is a course on statistical methods for economics. The course is basically concentrated of sampling and probability. The course begins with basic concepts that are fundamental to statistical analysis and inference followed the principal steps that are essential for sample survey and its methods are discussed. The concepts and theorems of probability are also taught which then follows with discussions on random variables. The course concludes with the study of probability distribution such as properties of discrete and continuous series.

Unit I: Introduction to Statistics.

Basic concepts, importance and limitations of statistics; primary and secondary data, sampling and census; questionnaire, interview and observation methods of collecting data.

Unit II: Sampling

Principal steps in a sample survey; methods of sampling (probability and non-probability); Merits and limitations of sampling, sampling and non-sampling errors.

Unit III: Measure of Central Tendency and Dispersion

Measures of central tendency-Mean, Median and Mode, Measure of Dispersion: Range, Quartile deviation, Mean deviation, Standard deviation, Variance and Coefficient of variation, Moments, Skewness and Kurtosis.

Unit IV:Elementary Probability

Probability - concepts of Sample Space and Events, Probability of an Event, Addition and Multiplication Theorems, Conditional Probability and Independence of Events, Inverse Probability, Bayes' Rule, Mathematical Expectation.

Unit V:Time Series and Index Numbers:

Time series analysis- concept and components, measurement of trend, determination of seasonal variations. Index numbers- concept, methods of constructing index numbers (Laspeyers, Paaches and Fishers index, Family budget method, Chain index numbers), Problems in construction and limitation of index numbers.

Suggested Readings:

1. Gupta, S. P. and V. K. Kapoor, (1993), *Fundamentals of Applied Statistics*, S. Chand & Sons, New Delhi
2. Larsen, Richard J. and Morris L. Marx (2011), *An Introduction to Mathematical Statistics and its Applications*, Prentice Hall.
3. Cochran, William G. (2007), *Sampling Techniques*, Jon Wiley.

CORE COURSE - 8: INTERMEDIATE MICROECONOMICS – 2

Course description:

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

Unit I: Wages and Rent

Wage differential; marginal productivity theory of wages; modern theory of wage. Rent-concepts; scarcity rent, differential rent; quasi rent; Ricardian theory of rent

UNIT II: Interests and Profits

Interest: Classical and neo-classical; Profits: innovation, risk and uncertainty

UNIT III: Welfare economics

General equilibrium analysis

Equilibrium and efficiency under pure exchange and production

Equity and efficiency, the efficiency of competitive markets

Welfare economics - Nature, scope and concept; criterion of measuring social welfare - Paternalist, Cardinalist, Pareto and Bentham, welfare maximization; value judgment

UNIT IV: Imperfect Market structure

Monopoly: pricing with market power; price discrimination. Monopolistic competition: short-run and long-run, Chamberlin. Oligopoly: Cournot and Sweezy.

UNIT V: Market Failure

Meaning of Externalities, externalities in consumption and production, externalities and allocative inefficiency.

Solutions to the externality problem - the Coase theorem

Public goods, Government intervention of public goods

Asymmetric information - complex contracts, principal-agent problem, hidden actions, owner manager relationships, moral hazards, adverse selection, signalling.

Reading List

1. Hal R. Varian, *Intermediate Microeconomics, a Modern Approach*, 8th edition, W.W. Norton and Company/Affiliated East-West Press (India), 2010. The workbook by Varian and Bergstrom could be used for problems.
2. C. Snyder and W. Nicholson, *Fundamentals of Microeconomics*, Cengage Learning (India), 2010.

CORE COURSE - 9: INTERMEDIATE MACROECONOMICS-II

Course description

This course is a sequel to Intermediate 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 1:Supply of Money

Financial Intermediation; Money supply and High-Powered Money; money multiplier; Mechanistic model of bank deposit determination, Behavioural model of money supply determination

Unit 2:Post Keynesian theories of demand for Money

Patinkin's Real Balance Effect, Tobin portfolio approach, Baumol Inventory Approach
Friedman Quantity theory Approach

Unit 3:Monetary Policy

Monetary policy objectives and targets, 'H' Theory of Money, Money Multiplier, RBI's monetary policy. Role of Monetary policy, Recent Development in Indian Monetary System.

Unit-4 Fiscal Policy

Fiscal policy objectives and targets, Role of Fiscal policy and economic stabilisation; crowding-out Effect and effectiveness of Fiscal policy; Recent Developments in Indian Fiscal System.

Unit 5: Banking Sector

Central Bank, Commercial banks, Regional Rural Banks, Cooperative and Non-Banking Financial Corporations and Microfinance Institutions.

Reading List

1. Dornbusch, Fischer and Startz, *Macroeconomics*, McGraw Hill, 11th edition,2010.
2. N. Gregory Mankiw. *Macroeconomics*, Worth Publishers, 7th edition,2010.
3. Olivier Blanchard, *Macroeconomics*, Pearson Education, Inc., 5th edition,2009.
4. Charles I. Jones, *Introduction to Economic Growth*, W.W. Norton & Company, 2nd edition,2002.
5. Andrew B. Abel and Ben S. Bernanke, *Macroeconomics*, Pearson Education,Inc., 7th edition,2011.
6. Errol. D'Souza, *Macroeconomics*, Pearson Education,2009.
7. Robert J. Gordon, *Macroeconomics*, Prentice-Hall India Limited,2011.

CORE COURSE NO - 10: INTRODUCTORY ECONOMETRICS

Course description

This course provides a comprehensive introduction to basic econometric concepts and techniques. It covers statistical concepts of hypothesis testing, estimation and diagnostic testing of simple and multiple regression models. The course also covers the consequences of and tests for misspecification of regression models.

UNIT I: Concept of Econometrics

Nature, objectives, scope and limitations of econometrics; Methodology of econometrics; Forecasting and prediction; Stochastic and non-stochastic variables; dummy and proxy variables; cross-section, pooled and panel data; accuracy of data

UNIT II: Correlation and Regression:

Coefficient of correlation – Karl Pearson and Rank correlation, Regression – linear and two regression equations.

UNIT III: Test of hypothesis

concept of testing of hypotheses; Procedure of testing hypothesis, Type – I and Type – II errors, properties of estimators. Standard error and T-distribution (t-test).

UNIT IV: Theoretical distribution

Binomial distribution,

Poisson distribution

Normal distribution.

UNIT V: Simple Linear Regression Model: Two Variables Case

Ordinary least square; properties of OLS estimators; goodness of fit; Gauss-Markov theorem; forecasting.

Suggested Readings:

1. Gupta, S. P. and V. K. Kapoor, (1993), *Fundamentals of Applied Statistics*, S. Chand & Sons, New Delhi
2. Larsen, Richard J. and Morris L. Marx (2011), *An Introduction to Mathematical Statistics and its Applications*, Prentice Hall.
3. Cochran, William G. (2007), *Sampling Techniques*, Jon Wiley.
4. CR Kothari, Research Methodology.
5. Jack Johnston and John Dinardo, *Econometric Method*.
6. Arthur S Goldberger, *Introductory Econometric*,
7. R. Carter Hill, William E Griffiths and George Judge, *Undergraduate Econometrics*.

CORE COURSE – 11: INDIAN ECONOMY - I

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.

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. 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.

CORE COURSE - 12: ECONOMICS OF GROWTH AND DEVELOPMENT – I

Course description:

This is the first part of a two part course on economics of growth and development. The course begins with the fundamental concepts on growth and development. It then proceed to aggregate model of growth and development and cross-national comparison of the growth experience that can help evaluate these models. The course ends by studying on investment and planning.

Unit – I Conceptions of growth and development:

Meaning of economic development and underdevelopment; distinction between economic growth and development; measurement and indicators of economic development; factors affecting growth; importance of agriculture; industry and infrastructure in economic development

Unit – II: Theories of Economic Development:

Classical theory of development – Adam Smith, Ricardo, Malthus and J. S. Mill; Karl Marx and Schumpeter; Development as freedom – Sen’s view

Unit – III: Theories of economic growth

Harrod-Domar, Solow, Joan Robinson, Kaldor, Romar and convergence hypothesis

Unit – IV: Partial theories of growth and development

Circular causation; Stages of growth; Big push theory; Balanced and Unbalanced growth

Unit – V: Investment and Planning

Meaning and need for planning, types of planning; Investment criterion, choice of technique in LDC; Project evaluation – cost – benefit analysis

Reading List

1. Debraj Ray, *Development Economics*, Oxford University Press,2009.
2. ParthaDasgupta, *Economics, A Very Short Introduction*, Oxford University Press,2007.
3. Abhijit Banerjee, Roland Benabou and DilipMookerjee, *Understanding Poverty*, Oxford University Press,2006.
4. KaushikBasu, *The Oxford Companion to Economics in India*, OUP,2007.
5. AmartyaSen, *Development as Freedom*, OUP,2000.
6. Daron Acemoglu and James Robinson, *Economic Origins of Dictatorship and Democracy*, Cambridge University Press,2006.
7. Robert Putnam, *Making Democracy Work: Civic Traditions in Modern Italy*, Princeton University Press,1994

CORE COURSE – 13: 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.

Course Outline

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. Rakesh Mohan, 2010, -India's Financial Sector and Monetary Policy Reforms, ||in

Shankar Acharya and Rakesh Mohan, editors, *India's Economy: Performances and Challenges: Development and Participation*, Oxford University Press.

Pulapre Balakrishnan, Ramesh Golait and Pankaj Kumar, 2008, -Agricultural Growth in India Since 1991, *RBI DEAP Study no.27*.

B.N. Goldarand S.C. Aggarwal, 2005, -Trade Liberalisation and Price-Cost Margin in Indian Industries, *The Developing Economics*, September.

P. Goldberg, A. Khandelwal, N. Pavcnik and P. Topalova, 2009, -Trade Liberalisation and New Imported Inputs, *American Economic Review, Papers and Proceedings*, May.

Kunal Sen, 2010, -Trade, Foreign Direct Investment and Industrial Transformation in India, in Premachandra Athukorala, editor, *The Rise of Asia*, Routledge.

CORE COURSE 14: ECONOMICS OF GROWTH AND DEVELOPMENT – II

Course description:

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

Unit – I: Poverty and Inequality

Concept and Measures of poverty- Head count ratio, Sen's Index, HPI, MPI

Inequality measures- Gini Coefficient and Lorenz Curve, PQLI, HDI, GDI, GEM

Connections between inequality and development

Mechanisms that generate poverty traps and path dependence of growth processes.

Unit – II: Dualism and economic development

Dualism – geographic, social and technological

Myrdal's theory of cumulative causation

The regional inequalities in the context of economic development

Inverted U relationship between spatial inequality and economic development

The centre periphery thesis

Unit – III: Financing Economic Development

Saving, capital formation and economic development

Financial sector and economic development

Micro credit and economic development

Taxation, public borrowing and economic development

Unit – IV: Environment and sustainable development

Development and Environment inter-linkage, Environment-Development Kuznet's U shape relationship, Economic activity and climate change, environmental externalities and state regulations of the environment, Concept of Green G.D.P and Sustainable development

Unit – V: Globalisation

Globalisation in historical perspective, the economics and the politics of multilateral agreements, trade, production patterns and world inequality; financial instability in the globalised world

Reading List

1. Debraj Ray, *Development Economics*, Oxford University Press, 2009.
2. Partha Dasgupta, *Economics, A Very Short Introduction*, Oxford University Press, 2007.
3. Abhijit Banerjee, Roland Benabou and Dilip Mookerjee, *Understanding Poverty*, Oxford University Press, 2006.
4. Thomas Schelling, *Micromotives and Macrobehavior*, W. W. Norton, 1978.
5. Albert O. Hirschman, *Exit, Voice and Loyalty: Responses to Decline in Firms, Organizations and States*, Harvard University Press, 1970.
6. Raghuram Rajan, *Fault Lines: How Hidden Fractures Still Threaten the World Economy*, 2010.
7. Elinor Ostrom, *Governing the Commons: The Evolution of Institutions for Collective Action*, Cambridge University Press, 1990.
8. Dani Rodrik, *The Globalization Paradox: Why Global Markets, States and Democracy Can't Coexist*, Oxford University Press, 2011.
9. Michael D. Bordo, Alan M. Taylor and Jeffrey G. Williamson (ed.), *Globalization in Historical Perspective*, University of Chicago Press, 2003.

DISCIPLINE SPECIFIC COURSES (DSE)

GROUP – I

DSE – I: ECONOMICS OF HEALTH AND EDUCATION

Course description

Total Marks: 100

Credit: 6

UNITS	TOPICS	Contact Hours	Weight age
UNIT I	Health, Education and Human Development Concepts - Human development indices; linkages - income on human development, human development on income, education on agriculture, health on income, women and human development;		20
UNIT II	Education: An Investment in Human Capital Rate of return to education; private and social investment on health; theories of discrimination; gender and caste in India; Education towards health care		20
UNIT III	Evaluation of health care Health system; Costing, cost effectiveness and cost-benefit analysis; burden of diseases.		20
UNIT IV	Overview – health and education in India Importance of health and education; health outcomes – life expectancy, infant mortality rate; growth of health institutions – private and public; education outcomes – literacy rate (gender-wise), enrolment ratio, growth of educational institutions – private and public.		20
UNIT V	Economic Growth and Human Development in India State-wise –per capita income, NSDP, human development index, gender-related development index, human poverty index; happiness index;		20
	Total Contact Hours and Marks	90	100

Suggested Readings:

1. William, Jack, Principles of Health Economics for Developing Countries, World Bank Institute Development Studies, 1999.
2. World Development Report, Investing in Health, The World Bank, 1993.
3. Ronald G., Ehrenberg and Robert S., Smith, Modern Labor Economics: Theory and Public Policy, Addison Wesley, 2005.
4. Vero Y. Economic Growth and Human Development in Nagaland, Heritage Publishing House, Dimapur, 2016.

DSE-II: APPLIED ECONOMETRICS

Course description

UNITS	Topics	Contact Hours	Weightage
Unit-I	Stages In Empirical Econometric Research Nature of the Econometric Approach, Stages, Theoretical and Applied Econometrics		
Unit-II	Regression Diagnostics And Specification Misspecification; Functional Forms; Model Selection: Leamer's, Hendry's Approach		
Unit-III	Advanced Topics In Regression Analysis Selected topics: Dynamic Econometric Models; Distributed Lag Models; Autoregressive Models; Instrumental Variable Estimation; Simultaneous Equation Models.		
Unit-IV	Panel Data Models Methods of Estimation; Fixed Effects Model; Random Effects Model.		
Unit-V	Time Series Econometric Approaches of Econometric Forecasting, Identification and Forecasting with AR, MR ARMA and ARIMA Approach		
	Total Contact Hours and Marks		

Readings:

1. Jeffrey M. Wooldridge, *Econometrics*, CENGAGE learning, India Edition, 2009.
2. Dimitrios Asteriou and Stephen Hall, *Applied Econometrics: A Modern Approach*, Palgrave Macmillan, 2007.
3. Damodar Gujarati, *Econometrics by Example*, Palgrave Macmillan, 2011.

DSE – III: 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.

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.]

DSE – IV: TOPICS IN MICROECONOMICS - I

Course description

UNIT 1: Managerial Theories of the firm:

Concept of managerial utility function; Baumol’s static and dynamic models; Marris’s goal and equilibrium of the firm, maximum rate of growth and profit.

UNIT 2: Limit Pricing Theory

Bain’s model – early, competition, entry and barriers to entry; Sylos-Labini; Modigliani; Pashigian.

UNIT 3: Pricing of factors of production

Monopsony – one and more variables; Bilateral Monopoly; Adding Up problem – Euler’s and Walras Product Exhaustion theorem;

UNIT 4: Extensive form games with perfect information

The game tree; strategies; sub-game perfection; backward induction in finite games;

Commitment bargaining; other applications

UNIT 5: Normal forms games

The normal form; dominant and dominated strategies; dominance solvability; mixed strategies; symmetric single population games; applications.

Reading List

DSE – V: POLITICAL ECONOMY-I

Course Description

This course explores changes in the organisation of production, labour market institutions and corporate structure. It goes on to study the consequences of globalization, especially of financial flows, for the role of the state, economic performance, gender issues, environment, human welfare and development.

Unit – I: Introduction and Overview

Introduction and Historical Overview Perspective on political economy with a historical overview: capitalist development in the pre-second world war period, “the golden age” and later.

Unit – II: Changing Dynamics in Production

Changing Dynamics of Capitalist Production, Organisational Form and Labour Process Fordist and Post-Fordist production; changing dynamics of organisation of production, markets and labour process; the changing nature of job security and labour rights.

Unit – III: Era of Globalisation

The State in the Era of Globalisation: Welfare, Development and Autonomy Globalisation and the limits of the welfare state, development and state autonomy.

Unit – IV: Social Dimensions

The Social Dimension, Globalisation and uneven development – growth, inequality and exclusion.

Unit – V: New Perspectives

New Perspectives Gender in work, accumulation and globalisation; issues in environment and sustainability; alternatives ahead.

Readings:

1. Michel Beaud, A History of Capitalism, 1500-2000, trans. by Tom Dickman and Anny Lefebvre, New York: Monthly Review Press, 2001.
2. Ash Amin (ed.), Post-Fordism: A Reader, Blackwell, 1994.
3. Fran Tonkiss, Contemporary Economic Sociology: Globalisation, Production, Inequality, Chapter 4 (Fordism and After), Routledge India 2008 reprint, 2006.

DSE VI: MONEY AND FINANCIAL MARKET

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

DSE VII: 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 approachElasticity 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.

GROUP – II

DSE VIII - POLITICAL ECONOMY-II

Course Description

Employing perspectives from alternative schools of thought, this course explores the development of the structure and institutions of capitalist economies and their relationship to social and political forces. Students are expected to read some classic texts as well as more recent commentaries.

Unit – I: Social change in historical perspective

Analysing Social Change in Historical Perspective, The method of historical materialism; the transition from feudalism to capitalism; capitalism as a historical process – alternative perspectives.

Unit – II: Perspectives of Capitalism

Capitalism as an Evolving Economic System Basic features; accumulation and crisis; the modern corporation; monopoly capitalism— alternative perspectives.

Unit – III: The State and the Economy

The State in Capitalism, the state and the economy – contestation and mutual interdependence; the state as an arena of conflict; imperialism – the basic foundations.

Unit – IV: Role of Finance

The Changing Role of Finance, the changing role of finance in capital accumulation and corporate structure; finance and globalisation - financialisation, financial liberalisation and financial crisis.

Unit – V: Global Economic Instability and Crisis

The 2008 global economic crisis – Prelude, Immediate and Long-term structure and causes

Readings:

1. J. Gurley, "The Materialist Conception of History", Ch.2.1 in R. Edwards, M. Reich and T. Weisskopf (ed.), *The Capitalist System*, 2nd edition, 1978.
2. O. Lange, *Political Economy*, vol. 1, 1963, Chapters 1 and 2.
3. E.K. Hunt, *History of Economic Thought*, M.E. Sharpe, Indian edn, Shilpi Publications, 2004.
4. Irfan Habib, 1995, "Capitalism in History", *Social Scientist*, Vol. 23: 15-31.
5. R.L. Heilbroner, "Capitalism", in *The New Palgrave Dictionary of Modern Economics*, Macmillan, 1987. Also reprinted as Chapter 2 in *Behind the Veil of Economics* by R.L. Heilbroner, W.W. Norton, 1988.
6. P. Sweezy, *The Theory of Capitalist Development*, Monthly Review Press, 1942.

DSE – IX: COMPARATIVE ECONOMIC DEVELOPMENT 1850 TO 1950

Course description

Unit I: Introduction and perspective on Comparative Economic Development of Great Britain and Japan. An overview of Economic Development of the countries selected for case studies- Great Britain and Japan.

Unit II: Agriculture; Agrarian surplus and the role of the peasantry in economic development of Great Britain and Japan.

Unit III: Industry; The Industrial Revolution in Britain; Industrialization in late Industrializers.

Unit IV: The factory System and making of the Industrial working Class. Division of labour, Structure of Industrial Authority, Organization of work and Industrial Production, relationship between workers and managers.

Unit V: The role of the state in industrial and developmental transition of Great Britain and Japan.

Reading List

DSE – X: FINANCIAL ECONOMICS

Course description

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.

DSE XI GROUP – II: TOPICS IN MICROECONOMICS-2

Course description

UNIT 1: Repeated games

Finitely repeated games and backward induction; infinitely repeated games; history dependent strategies; one-step deviation property, folk theorem

UNIT 2: Simultaneous move games with incomplete information (Bayesian games).

Strategies; Bayesian Nash equilibrium auction; other application

UNIT 3: Extensive form games with imperfect information

Strategies; beliefs and sequential equilibrium applications.

UNIT 4: Information economics.

Adverse selection; moral hazard; signalling games

UNIT 5: Theories of Game:

Concept; Zero sum game – certainty and uncertainty models; Non-zero sum game; prisoner's dilemma

Reading List

DSE – XII: 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).

DSE - XIII: INTERNATIONAL ECONOMICS

Course description

Unit I: Introduction:

Meaning, Features and importance of International Trade. Inter-Regional and International Trade; Terms of trade; An overview of world trade.

Unit II: Theories of International Trade.

The Ricardian, Specific Factors and Heckscher - Ohlin Models, New Trade Theories (The product cycle theory and The Krugman Model), Firms in the Global Economy- outsourcing and Multi-National Enterprises.

Unit III: Trade Policies

Instruments of Trade Policies, Political Economy of Trade Policies, Controversies in Trade Policies.

Unit IV: International Macroeconomic Policy.

Fixed versus Flexible Exchange Rates, International Monetary System, Financial Globalisation; import quota

Unit V: International Economic Institutions and Trading Blocks.

International Monetary Fund (IMF), World Bank, World Trade Organisation (WTO), Asian Development Bank (ADB), ASEAN (Look East Policy).

Reading List

DSE – XIV: DISSERTATION

Step – I: Formulation of Project work (Theory) – Identification of problems, objectives and hypothesis of study; analysis, report writing and presentation

Step – II: Data Collection – Primary (Field survey) and secondary data collection

Step –III: Data Analysis

Step – IV: Report Writing (70 Marks)

Step – V: Presentation and Viva (30 marks)

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 AmartyaSen, 2013. *An uncertain Glory : India and its Contradictions*, Princeton University Press.
2. PulapreBalakrishman, 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 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. 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 approachElasticity 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.

SKILL ENHANCEMENT COURSE (SEC) – I

ADVANCE EXCEL

Course description:

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 COURSE (SEC) – IV

ENTREPRENEURSHIP DEVELOPMENT

Credits: 2

Course Description: The learners will be taught the concepts of entrepreneurship and its relevance in economic development of the country, state and an individual. Also the importance of venturing out in entrepreneurship with new innovative skills are taught to the learners. Entrepreneurial development programmes and its role in economic development are discussed, while in concluding unit, the necessity, difficulties and suggestion for small industrial undertakings are taught to the learners

Unit -1: Entrepreneur and Entrepreneurship

Meaning, Concept, Characteristics and importance of an Entrepreneur and Entrepreneurship, Emergence of Entrepreneurial Class; Theories of Entrepreneurship, Socio-Economic Environment, Leadership, Risk-taking, Decision-making, Business planning; Women Entrepreneur.

Unit -II Promotion of a Venture

Meaning, Stages, Sources of Venture promotion; External Environmental analysis, Opportunities Analysis, Economic, Social and Technological; Competitive factors, Legal requirements for establishing new Units and raising of funds; Documentation of Venture Capital.

Unit -III Entrepreneurial Behaviours

Definitions of Innovation and Entrepreneur; Relationship between Innovation and Entrepreneur; Social Responsibility of Entrepreneur; Two-way Traffic

Unit -IV: Entrepreneurial Development Programmes (EDPs)

Meaning; Role and Achievements of EDPs, Organizations of EDPs; Role of Entrepreneur in Economic Progress; Export Promotion; Import Substitution and FOREX earnings.

UNIT V: Small Industrial Undertakings

Meaning and Characteristics; Significance; Difficulties and Suggestions; SIDBI – Meaning; Functions and Activities

Reading List

1. Agarwal, R. C., Fundamentals of Entrepreneurship, LaxmiNarain Agarwal, 5th Edition, Agra 2005
2. Khanka, S. S., Textbook on Entrepreneurship, S. Chand and Co. Pvt. Ltd. New Delhi 2009
3. Sing Gunachandra, R. K., Entrepreneurship Development, Imakhol Publication, Imphal, 2005