

Controller of Examinations
SAMBALPUR UNIVERSITY
JYOTI VIHAR, BURLA
Sambalpur (Odisha), PIN- 768 019



PHONE and Fax: 0663-2430806
e-mail: coesuniv@gmail.com

Urgent

(Both by post and by e- mail)

No. 7825 / Acd.-I

Dated: 27/10/16

To

The Principals,

(All the Affiliated Colleges under Sambalpur University having
Three Year Degree Courses excluding Autonomous Colleges.)

Sub: Syllabus & Implementation of CBCS pattern Arts/Science/Commerce (Pass and
Hons.) from the Academic Session 2016-17.

Ref :- This office letter No 5314/ Acd.-I dated 21.7.16 and letter No. 5970/Acd.-I
dated 8.8.16.

Sir,

In continuation to the letters and the subject cited above, I am directed to intimate you that the Vice- Chancellor has been pleased to approve the syllabus for Courses / papers related to ***Economics*** for CBCS + 3 courses degree B.A. (Both Pass & Hons.) examinations under 6 (15) of O.U. Act -1989 giving it effect from the Academic Session, 2016-17. The detail Courses of Studies is enclosed herewith for your reference and necessary action.

This may kindly be noted that it is the final syllabus for ***Economics*** subject/ papers under CBCS pattern. It may be made available to teachers and students concerned. Further you are requested to ensure teaching of the courses in your colleges accordingly.

Any error and omission etc. may kindly be intimated to this office.

. Any queries on the matter may be made through e-mail: coesuniv@gmail.com.

Thanking you,

Yours faithfully,

Encl: As above

L.K.W.
27/10/16
Controller of Examinations
Blair

P.T.O.

Memo No. 7826 /Acad.-I(BOS),

dtd. 27/10/16

Copy forwarded with enclosure for information and necessary action to:

1. The Chairman, Post Graduate Council, Sambalpur University.
2. The H.O.D., P.G. Department of *Economics*, Sambalpur University.
3. The Director, College Development Council, Sambalpur University.
4. The Director, Directorate of Distance and Continuing Education, Sambalpur University.
5. The Co-ordinator, Private Examination Cell, Sambalpur University.
6. Asst. Registrar (Examination), Sambalpur University.
7. Programmer, University Computer Unit, Sambalpur University.
8. Asst. Controller of Examinations, Sambalpur University.
9. Section Officer / Assistant –in- Charge, *e – Governance Cell*, Sambalpur University with request to provide all the materials in the official web- site accordingly. (as + 3 cbcs-syllabus – *Economics –Final*)
10. Section Officers, Computer Unit, E.G.-I, EG-II, E.C-I, EC-II, EC-VI Sections.
11. Five spare Copies for Academic-I Sections with enclosure.

B.K.W.
27/10/16
Controller of Examinations
Blair

Memo No. 7827 /Acad.-I(BOS),

dtd. 27/10/16

Copy forwarded without enclosure for information and necessary action to:

1. **The Dy. Director, *e – Governance Cell***, Sambalpur University with request for needful to provide all the materials in the official web- site accordingly .
2. P.A. to the Vice- Chancellor, Sambalpur University.
3. P.A. to the Registrar, Sambalpur University.
4. P.A. to the Controller of Examinations, Sambalpur University.

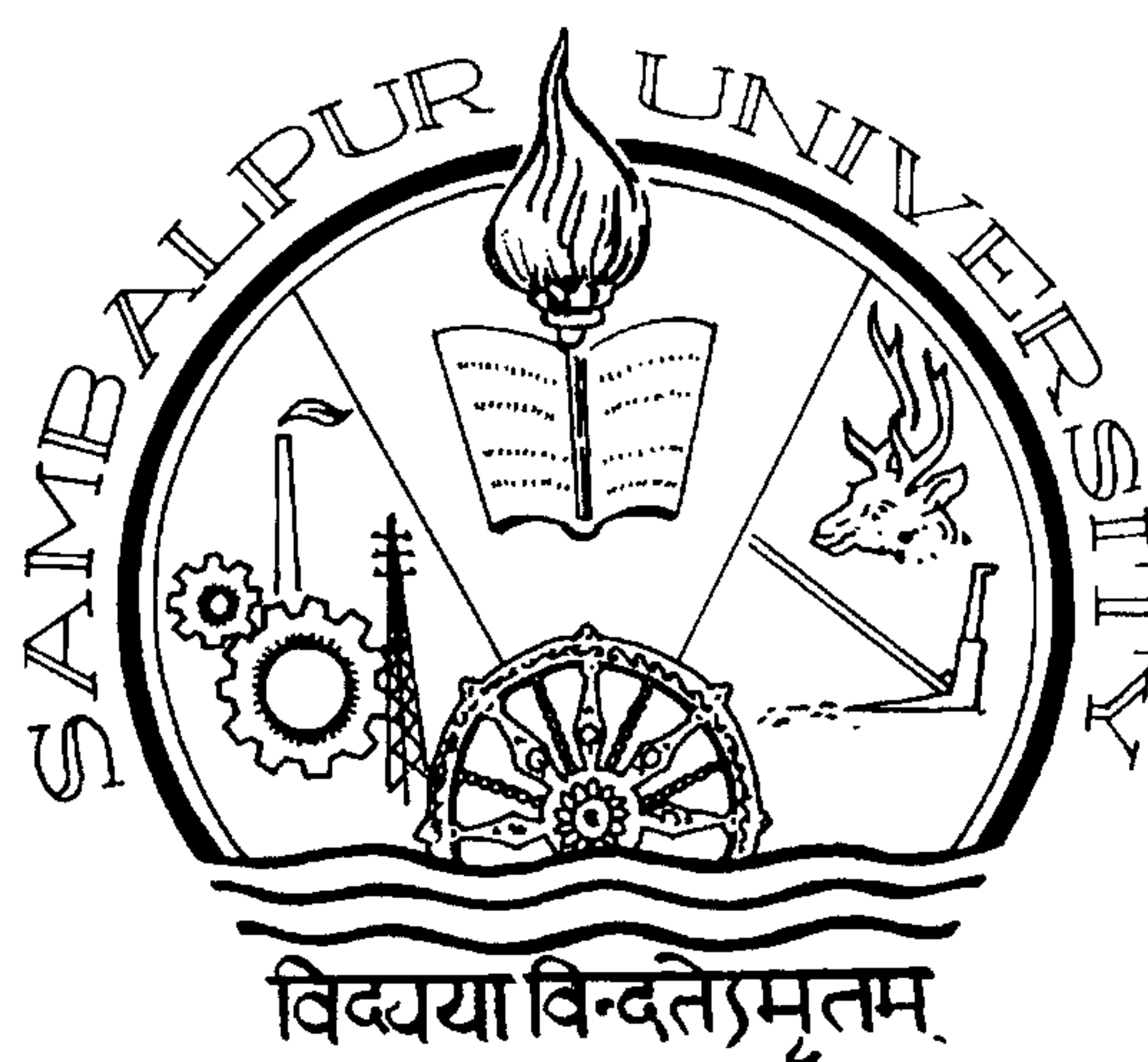
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SYLLABUS FOR
B.A. (HONOURS) ECONOMICS
UNDER CHOICE BASED CREDIT SYSTEM

Approved by
the Board of Studies of Economics
held on 29th September 2016



SAMBALPUR UNIVERSITY
JYOTI VIHAR, BURLA – 768019
ODISHA, INDIA

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29/9/16

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. Further, a student will take two **Skill Enhancement Courses** (SEC-I & SEC-II) in third and fourth semesters. For this she/he can choose one out of the two choices (for example, one out of SEC-Ia & SEC-Ib; similarly he/she can take SEC- IIa or SEC-IIb).

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.

Besides own subject, students will study subjects of other Departments. **Generic Elective Courses (GEC)** are meant for this. The students of Economics (Hons) will choose Generic Elective Course (GEC) from other Departments. Students of other Department (Hons) may choose Economics as Generic Elective Course. The GECs are offered in first, second, third and fourth semesters.

Students will also study **Ability Enhancement Compulsory Course (AECC)-I & Ability Enhancement Compulsory Course (AECC)-II** in first and second semester respectively.

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

Semester-I	Semester-II
Economics Core Course 1 : Introductory Microeconomics	Economics Core Course 3 : Introductory Macroeconomics
Economics Core Course 2 : Mathematical Methods for Economics-I	Economics Core Course 4 : Mathematical Methods for Economics-II
Ability Enhancement Compulsory Course (AECC)-I	Ability Enhancement Compulsory Course (AECC)-II
Generic Elective Course(GEC) -I	Generic Elective Course(GEC) -II

Semester-III	Semester-IV
Economics Core Course 5 : Intermediate Microeconomics-I	Economics Core Course 8 : Intermediate Microeconomics-II
Economics Core Course 6 : Intermediate Macroeconomics-I	Economics Core Course 9 : Intermediate Macroeconomics-II
Economics Core Course 7 : Statistical Methods for Economics	Economics Core Course 10 : Introductory Econometrics
Skill Enhancement Course (SEC)-I:a.Computer Application, /b. Tribal Economy	Skill Enhancement Course (SEC)-II:a. Odisha Economy, /b. Odisha Budget
Generic Elective Course(GEC) -III	Generic Elective Course(GEC) -IV

Semester-V	Semester-VI
Economics Core Course 11 : Indian Economy-I	Economics Core Course 13 : Indian Economy-II
Economics Core Course 12 : Development Economics-I	Economics Core Course 14 : Development Economics-II
Discipline Specific Elective (DSE) Course-I (From List of Group-I)	Discipline Specific Elective (DSE) Course-III (From List of Group-II)
Discipline Specific Elective (DSE) Course-II (From List of Group-I)	Discipline Specific Elective (DSE) Course-IV (From List of Group-II)
Group-I (Discipline Specific Elective (DSE) Courses)	Group-II (Discipline Specific Elective (DSE) Courses)
(i) Economics of Health and Education	(v) Political Economy-II
(ii) Political Economy-I	(vi) Financial Economics
(iii) Money and Financial Markets	(vii) Environmental Economics
(iv) Public Economics	(viii) International Economics

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Course Structure for Economics as Generic Electives

(N.B. The students of Economics (Hons) shall choose Generic Elective from Other departments)

Semester	Code	Course Title
I	GECI	Introductory Microeconomics
II	GECII	Introductory Macroeconomics
III	GEC-III (Choose A or B)	A. Indian Economy -I
		B. Money and Financial Markets
IV	GEC-IV(Choose A or B)	A. Indian Economy- II
		B. Public Economics

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Core Economics Course 1: INTRODUCTORY MICROECONOMICS

Course Description

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

Course Outline

1. Exploring the subject matter of Economics

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

2. Supply and Demand: How Markets Work, Markets and Welfare

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

3. The Households

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

income and substitution effects; labour supply and savings decision - choice between leisure and consumption.

4. The Firm and Market Structure

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

5. Input Markets

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

Readings

1. 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 Economics Course 2: MATHEMATICAL METHODS IN ECONOMICS-I**Course Description**

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

Course Outline**1. Preliminaries**

Logic and proof techniques; sets and set operations; relations; functions and their properties; number systems.

2. Functions of one real variable

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

3. Derivative of a function

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

4. Functions of two or more independent variables

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

5. Integration of functions

Indefinite integrals: Rules of integration; Techniques of integration-substitution rule, integration by parts and partial fraction; Definite integrals.

Readings:

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

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Core Economics Course 3: INTRODUCTORY MACROECONOMICS

Course Description

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

Course Outline

1. Introduction to Macroeconomics and Basic Concepts

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

2. Measurement of Macroeconomic Variables

Rules and approaches of Measurement of GDP (Income, expenditure, product and Value added approaches), Difficulties of Estimating National Income, Circular Flow of Income and expenditure in two, three, and four-sector economy. National Income and Economic Welfare; Green Accounting.

3. Money

Functions of money; Quantity Theory of Money –Cash Transactions, Cash Balances and Keynesian Approaches; determination of money supply and demand; credit creation; tools of monetary policy.

4. Inflation, Deflation, Depression and Stagflation

Inflation- Meaning, Types, causes and Effects. Demand-pull and cost-push inflation; the cost of inflation and anti-Inflationary Measures; Deflation-

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Meaning, Causes, Costs and Anti-Deflationary Measures, Depression and Stagflation; Inflation vs. Deflation

5. The Closed Economy in the Short Run

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

Readings:

1. 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.
8. Edward Shapiro, *Macroeconomic Analysis*, 5th Edition, 2013.

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Core Economics Course 4: MATHEMATICAL METHODS IN ECONOMICS - II

Course Description

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

Course Outline

1. Matrices and Determinants

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

2. Linear models

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

3. Dynamic Methods

Linear first order differential equations, linear second order differential equations. Linear first-order difference equations, linear second order difference equations.

N.B. Trigonometric functions are excluded

4. Single and multivariable optimisation

Optimum values and extreme values; Relative maximum and minimum; Necessary versus sufficient conditions - First and Second derivative tests;

5. Optimisation with Equality Constraints:

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

Readings:

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

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Core Economics Course 5: INTERMEDIATE MICROECONOMICS - I

Course Description

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

Course Outline

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.

2. Consumer Theory II

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

3. Production Theory

Marginal Productivity, Isoquant Maps and the Rate of Technical Substitution, Production with One Variable Input (labour) and with Two-

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Variable Inputs, Returns to Scale, Four Simple Production Functions (Linear, Fixed Proportions, Cobb-Douglas, CES), Technical Progress.

4. Cost Functions

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

5. Profit Maximization

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

Readings:

1. 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 Economics Course 6: INTERMEDIATE MACRO ECONOMICS - I

Course Description

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.

Course Outline

1. Consumption Function

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

2. Investment Function

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

3. Demand for and Supply of Money

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

4. Inflation, Unemployment and Expectations, and Trade Cycles

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

5. Aggregate Demand and Aggregate Supply

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

Readings:

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 Economics Course 7: STATISTICAL METHODS FOR ECONOMICS

Course Description

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

Course Outline

1. Data Collection and measures of central tendency and dispersion

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

2. Correlation and Regression Analysis

Elementary Analysis of Linear Correlation: Covariance, Scatter Diagram, Karl Pearson's Coefficient of Correlation-Properties and the Method of Calculation, Concept of Spearman's Rank Correlation. The Concept of Regression, Regression Lines and their Estimation in a Bivariate series, Least Squares Method, The coefficient of determination (r^2) and Standard Error of Estimate.

3. Time Series and Index Number

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

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4. Probability theory

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

5. Sampling

Principal steps in a sample survey; Errors in statistics: sampling vs. non-sampling errors, methods of sampling: simple and stratified random sampling, Selection of a simple random sample, Allocation of sample size in stratified sampling and STRS, Systematic sampling, Cluster and Multistage sampling, Quota sampling.

Readings:

1. Jay L. Devore, *Probability and Statistics for Engineers*, Cengage Learning, 2010.
2. John E. Freund, *Mathematical Statistics*, Prentice Hall, 1992.
3. Richard J. Larsen and Morris L. Marx, *Introduction to Mathematical Statistics and its Applications*, Prentice Hall, 2001
4. S. C. Gupta, *Fundamentals of Statistics*, Himalaya Publishing House, Delhi,
5. Murray R. Spiegel, *Theory & Problems of Statistics*, Schaum's publishing Series
6. P. Mukyopadhyay, *Mathematical Statistics*. Kolkata Publishing House.
7. A. M. Mood, F A. Graybill, and D. C. Boes, *Introduction to the Theory of Statistics*, McGraw Hill.
8. William G. Cochran, *Sampling Techniques*, John Wiley, 2007

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Core Economics Course 8: INTERMEDIATE MICROECONOMICS - II

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.

Course Outline

1. The Partial Equilibrium Competitive Model

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

2. General Equilibrium and Welfare

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

3. Monopoly

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

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4. Oligopoly

Short-run pricing and output decisions: Bertrand model, Cournot model, Stackelberg model, capacity constraints, product differentiation, tacit collusion and punishment strategies; longer-run decisions: investment, entry and exit, strategic entry deterrence, signalling, innovations.

5. Market Failure

Asymmetric information: Complex contracts, principal-agent problem, hidden actions, owner-manager relationships, moral hazards, non-linear pricing, adverse selection, signalling, auctions; externalities and allocative inefficiency.

Readings:

1. Hal R. Varian, *Intermediate Microeconomics, a Modern Approach*, 8th edition, W.W. Norton and Company/Affiliated East-West Press (India), 2010.
2. Hal R. Varian, *Answers to Exercises, Micro Economics analysis*, W.W. Norton & Company, 1992 (for solving problems).
3. R. S. Pindyck, D. N. Rubinfeld and P. L. Meheta (2009): *Microeconomics*, 7th Edition, Pearson, New Delhi.
4. C. Snyder and W. Nicholson, *Fundamentals of Microeconomics*, Cengage Learning (India), 2010.

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Core Economics 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.

Course Outline

1. Open Economy Macroeconomics

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

2. Modelling Economic Growth

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

3. Macroeconomic Policy

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

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4. Classical and Keynesian Macroeconomic Thoughts

Keynes vs. the Classics – Aggregate Demand and Aggregate Supply, Underemployment Equilibrium and Wage Price Flexibility. Monetarists and Friedman's Reformulation of Quantity Theory; Fiscal and Monetary Policy: Monetarists vs. Keynesians.

5. New Classical and New Keynesian Macroeconomic Thoughts

The new classical critique of micro foundations, the new classical approaches- the policy implications of new classical approach — empirical evidence. The New Classical View of Macroeconomics and the Keynesian Counter-critique. The New Keynesian Economics with reference to the Basic Features of Real Business Cycle Models, the Sticky Price Model.

Readings:

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.

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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.

Course Outline

1. Nature and Scope of Econometrics

What is Econometrics? Why it is a separate discipline? Methodology of econometrics, Mathematical and statistical prerequisites, the role of computer.

2. Statistical Concepts

Normal distribution; chi-sq, t- and F-distributions; estimation of parameters; properties of estimators; testing of hypotheses: defining statistical hypotheses;

distributions of test statistics; testing hypotheses related to population parameters; Type I and Type II errors; power of a test; level of significance, Confidence Interval, confidence limits, Degrees of freedom.

3. Simple Linear Regression Model: Two Variable Case

Estimation of model by method of ordinary least squares; properties of estimators; goodness of fit; tests of hypotheses; scaling and units of measurement; confidence intervals; Gauss-Markov theorem; forecasting.

4. Multiple Linear Regression Model

Estimation of parameters; properties of OLS estimators; goodness of fit - R^2 and adjusted R^2 ; partial regression coefficients; qualitative (dummy) independent variables.

5. Violations of Classical Assumptions: Consequences, Detection and Remedies

Multicollinearity: Sources, Consequences, Detection and Remedies; Heteroscedasticity- tests, consequences, detection and solution; Autocorrelation- sources, consequences, detection and remedial measures.

Readings

1. Jay L. Devore, *Probability and Statistics for Engineers*, Cengage Learning, 2010.
2. John E. Freund, *Mathematical Statistics*, Prentice Hall, 1992.
3. Richard J. Larsen and Morris L. Marx, *An Introduction to Mathematical Statistics and its Applications*, Prentice Hall, 2011.
4. D. N. Gujarati and D.C. Porter, *Essentials of Econometrics*, McGraw Hill, 4th edition, International Edition, 2009.
5. Christopher Dougherty, *Introduction to Econometrics*, Oxford University Press, 3rd edition, Indian edition, 2007.
6. Gujarati D. N. *Basic Econometrics*. McGraw Hill, New Delhi.
7. Johnston J. *Econometrics Methods*, McGraw Hill
8. Kmenta J. *Elements of Econometrics*. University of Michigan Press
9. Maddala G. S. *Econometrics Methods and Application*. E. Elgar Pub

Course Description

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

Course Outline

1. Introduction to Indian Economy

Major features of Indian Economy at independence; characteristics of economic underdevelopment of India (with reference to colonial rule of India); Trend in National Income and Per capita income; Growth and development under different policy regimes—goals, constraints, institutions and policy framework.

2. Population and Human Development

Broad demographic features — Population size and growth rates; Sex and age composition, Occupational distribution; Density of population, Urbanisation and economic growth in India. Population growth as a factor of economic development, National Population Policy, Progress of human development in India. Development of education in India, health and family welfare and the development of health infrastructure.

3. Growth and Distribution

Growth, Distribution and trends of national income and sectoral distribution. An assessment of performance—sustainability and regional contrasts; structural change, Trends, measurement and policies in poverty; Inequality-measurement, causes and effects, Unemployment-types, causes and employment policies in India.

4. Economic Planning in India

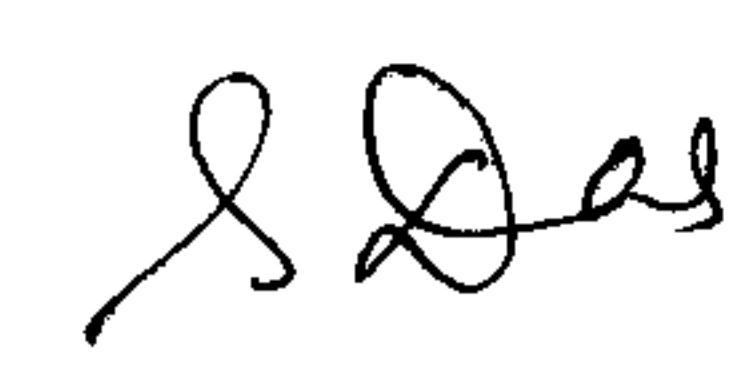
Economic planning: Planning Commission and its functions, Planning exercises in India, Objectives, Strategies and achievements.

5. Indian economy in post reform period

Background of Indian economic Reforms— New economic policy; Redefining India's development strategy; Changing role of state and market, Disinvestment policy and privatization; Financial sector reforms

Readings:

1. Jean Dreze and Amartya Sen, 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. Rakesh Mohan, 2008, —Growth Record of Indian Economy: 1950-2008. A Story of Sustained Savings and Investment, *Economic and Political Weekly*, May.
4. S.L. Shetty, 2007, —India's Savings Performance since the Advent of Planning, in K.L. Krishna and A. Vaidyanathan, editors, *Institutions and Markets in India's Development*.
5. Himanshu, 2010, Towards New Poverty Lines for India, *Economic and Political Weekly*, January.
6. Jean Dreze and Angus Deaton, 2009, Food and Nutrition in India: Facts and Interpretations, *Economic and Political Weekly*, February.
7. Himanshu. 2011, —Employment Trends in India: A Re-examination, *Economic and Political Weekly*, September.
8. Rama Baru et al, 2010, —Inequities in Access to Health Services in India: Caste, Class and Region, *Economic and Political Weekly*, September.
9. Geeta G. Kingdon, 2007, —The Progress of School Education in India, *Oxford Review of Economic Policy*.
10. J.B.G. Tilak, 2007, —Post Elementary Education, Poverty and Development in India, *International Journal of Educational Development*.
11. T. Dyson, 2008, —India's Demographic Transition and its Consequences for Development□ in Uma Kapila, editor, *Indian Economy Since Independence*, 19th edition, Academic Foundation.
12. Kaushik Basu, 2009, —China and India: Idiosyncratic Paths to High Growth, *EPW*, September.
13. K. James, 2008, —Glorifying Malthus: Current Debate on Demographic Dividend in India□ *Economic and Political Weekly*, June.
14. Reetika Khera, 2011, —India's Public Distribution System: Utilisation and Impact *Journal of Development Studies*.
15. Aniruddha Krishna and Devendra Bajpai, 2011, —Lineal Spread and Radial Dissipation: Experiencing Growth in Rural India, 1992-2005, *EPW*, September.
16. Kaushik Basu and A. Maertens, (eds), *The New Oxford Companion to Economics*, Oxford University Press, 2013.



Core Economics Course 12: DEVELOPMENT ECONOMICS-I

Course Description

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

Course Outline

1. Conceptions of Development

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

2. Theories of Economic Development & Growth

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

3. Poverty and Inequality: Definitions, Measures and Mechanisms

Understanding Prosperity and Poverty: Geography, Institutions, and the Reversal of Fortune, Measuring Poverty, Inequality axioms; a comparison of commonly

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used inequality measures; connections between inequality and development; poverty measurement; characteristics of the poor; mechanisms that generate poverty traps and path dependence of growth processes.

4. Approaches to Economic Development

Partial theories of growth and development: Vicious circle of Poverty, Circular causation, Theory of unlimited supply and labour, big push, balanced growth, unbalanced growth, critical minimum effort, Dualism-Technical.

5. Political Institutions and the Functioning of the State

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

Readings

1. Debraj Ray, *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. Kaushik Basu, *The Oxford Companion to Economics in India*, OUP, 2007.
5. Amartya Sen, *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

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Core Economics Course 13: INDIAN ECONOMY-II

Course Description

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

Course Outline

1. Agricultural Development in India

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

2. Industrial Development in India

Trends in industrial output and productivities; Industrial Policies of 1948, 1956, 1977 and 1991; Industrial Licensing Policies – MRTP Act, FERA and FEMA; Performance of public sector and its privatization; Growth and problems of SSIs, Industrial sickness; Industrial finance; Labour market reform.

3. Tertiary Sector and HRD

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

4. Indian Public finance

Indian Public Finance: Indian tax system, public expenditure, public debt, deficit and subsidies in the Indian economy, Centre-state financial relation, Role of Finance Commission.

5. External Sector

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

Readings:

1. Shankar Acharya, 2010, —Macroeconomic Performance and Policies 2000-8, in Shankar Acharya and Rakesh Mohan, editors, *India's Economy: Performances and Challenges: Development and Participation*, Oxford University Press.
2. 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.
3. Pulapre Balakrishnan, Ramesh Golait and Pankaj Kumar, 2008, —Agricultural growth in India Since 1991, *RBI DEAP Study no. 27*.
4. B.N. Goldar and S.C. Aggarwal, 2005, —Trade Liberalisation and Price-Cost Margin in Indian Industries, *The Developing Economics*, September.
5. P. Goldberg, A. Khandelwal, N. Pavcnik and P. Topalova, 2009, —Trade Liberalisation and New Imported Inputs, *American Economic Review, Papers and Proceedings*, May.
6. Kunal Sen, 2010, —Trade, Foreign Direct Investment and Industrial Transformation in India, in Premachandra Athukorala, editor, *The Rise of Asia*, Routledge.
7. A. Ahsan, C. Pages and T. Roy, 2008, —Legislation, Enforcement and Adjudication in Indian Labour Markets: Origins, Consequences and the Way Forward, in D. Mazumdar and S. Sarkar, editors, *Globalization, Labour Markets and Inequality in India*, Routledge.
8. Dipak Mazumdar and Sandeep Sarkar, 2009, —The Employment Problem in India and the Phenomenon of the 'Missing Middle', *Indian Journal of Labour Economics*.
9. J. Dennis Rajakumar, 2011, —Size and Growth of Private Corporate Sector in Indian Manufacturing, *Economic and Political Weekly*, April.
10. Bishwanath Goldar, 2011, —Organised Manufacturing Employment: Continuing the Debate, *Economic and Political Weekly*, April.
11. Kaushik Basu and A. Maertens, eds, 2013, *The New Oxford Companion to Economics in India*, Oxford University Press.
12. Ramesh Chand, 2010, —Understanding the Nature and Causes of Food Inflation, *EPW*, February.

Core Economics Course 14: DEVELOPMENT ECONOMICS-II

Course Description

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

Course Outline

1. Demography and Development

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

2. Land, Labor and Credit Markets

The distribution of land ownership; land reform and its effects on productivity; contractual relationships between tenants and landlords; land acquisition; nutrition and labor productivity; informational problems and credit contracts; microfinance; inter-linkages between rural factor markets.

3. Individuals, Communities and Collective Outcomes

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

4. Environment and Sustainable Development

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

5. International aspects of Economic Development

International trade as an engine of growth; Prebisch, Singer and Myrdal Hypothesis vs. free trade; the economics and politics of multilateral agreements; financial instability in a globalized world, Political Economy of Foreign Aid & Development; WTO and developing countries;

Readings

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 ELECTIVE (DSE) PAPERS: ECONOMICS

GROUP-I

(i) ECONOMICS OF HEALTH AND EDUCATION

Course Description

The importance of education and health in improving well-being is reflected in their inclusion among the Millennium Development Goals adopted by the United Nations member states, which include among other goals, achieving universal primary education, reducing child mortality, improving maternal health and combating diseases. This course provides a microeconomic framework to analyze, among other things, individual choice in the demand for health and education, government intervention and aspects of inequity and discrimination in both sectors. It also gives an overview of health and education in India.

Course Outline

11. Role of Health and Education in Human Development

Health and education outcomes and their relationship with macroeconomic performance; their importance in poverty alleviation, social development and deprivation, human development and deprivation; Human Development : evolution and conceptual foundation – methodology for building the Human Development Index (HDI)-other related measures like Human Poverty Index (HPI), Gender Related Development Index (GDI), Gender Empowerment Measure (GEM).

2. Economics of Health

Microeconomic Foundations of Health Economics; demand for health and its determinants; uncertainty and health insurance market; market failure and rationale for public intervention; equity in the access to health care.

3. An Overview of Health Sector in India

Burden of disease; Health care financing, alternative insurance mechanisms; Social security measures; Appraisal of health care financing health planning and policy in India.

4. Education: Investment in Human Capital

Investment in Human Capital, Rate of return to education: private and social; quality of education; signaling or human capital; Determinants of demand for education, Costs and benefits of education; theories of discrimination; gender and caste discrimination in India.

5. Education Sector in India: An Overview

Literacy rates, enrolment and dropout rates, school participation, school quality measures; equity in the access to education; Education policies.

Readings:

1. Jack William, *Principles of Health Economics for Developing Countries*, World Bank Institute (WBI) development studies*World Bank Institute (WBI) development study. Washington, D.C. : The World Bank. Also available at <http://documents.worldbank.org/curated/en/569351468765045048/Principles-of-health-economics-for-developing-countries>
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. Human Development Reports, Technical Notes: UNDP-various issues
5. M. Blaug (ed), *Economics of Education*. Vol.I&II English Language Book Society, Penguin books, 1972.

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(ii) 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, human welfare and development with a special reference to India.

Course Outline

1. 1. 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.

2. 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.

3. The Social Dimension

Globalisation and the limits of the welfare state, Globalisation and uneven development – growth, inequality and exclusion.

4. Colonial India: Background and Introduction

Overview of colonial economy of India: The imperial priorities and the Indian economy; drain of wealth; international trade, capital flows and the colonial economy – changes and continuities; government and fiscal policy.

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5. Indian Agriculture

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

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.
4. Tirthankar Roy, *The Economic History of India 1857-1947*, Oxford University Press, 3rd edition, 2011
5. Jean Dreze, *Famine Prevention in India in Dreze and Sen (eds.) Political Economy of Hunger*, WIDER Studies in Development Economics, 1990, pp.13-35.
5. Daniel Thorner, *Agrarian Prospect in India*, 1977
6. S. Hymer, "The Multinational Corporation and the Law of Uneven Development", in H. Radice (ed.) *International Firms and Modern Imperialism*, Penguin Books, 1975.
7. G. Gereffi, J. Humphrey and T. Sturgeon, 2005, —The Governance of Global Value Chains□, *Review of International Political Economy*, Volume 12: 78–104.
8. Narasimha Reddy, —Economic Globalisation, Past and Present – The Challenges to Labour□ in Jomo K.S. & Khoo Khay Jin (ed.) *Globalization and Its Discontents, Revisited*, Sephis -Tulika Books, 2003.
9. David Harvey, *A Brief History of Neoliberalism*, OUP, 2005.
10. Andrew Glyn, —Challenges to Capital□, in *Capitalism Unleashed: Finance, Globalization and Welfare*, Oxford: Oxford University Press, (Ch. One, pp. 1-24), 2006.
11. G Dumenil and D Levy, *The Crisis of Neoliberalism*, Harvard University Press, 2011.
12. K.S. Jomo (ed.), *The Long Twentieth Century: The Great Divergence: Hegemony, Uneven Development and Global Inequality*, OUP, 2006.
13. Gary Dymksy, 2005, —Financial Globalization, Social Exclusion and Financial Crisis□, *International Review of Applied Economics*, Vol. 19: 439–457.
14. E. Stockhammer, —Financialization and the Global Economy□, in G. Epstein and M.H. Wolfson (ed.) *The Political Economy of Financial Crises*, Oxford University Press, 2010. [Also in Working Paper Series, No. 240, Political Economy Research Institute, University of Massachusetts Amherst]
15. J.P. Smith and M.P. Ward, 1989, —Women in the Labour Market and in the Family, *Journal of Economic Perspectives*, Volume 3: 9-23.

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(iii)MONEY AND FINANCIAL MARKETS**Course Description**

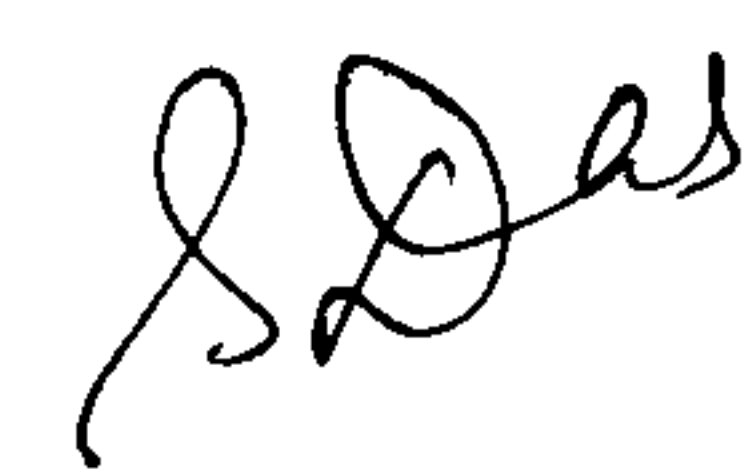
This course exposes students to the theory and functioning of the monetary and financial sectors of the economy. It highlights the organization, structure and role of financial markets and institutions. It also discusses interest rates, monetary management and instruments of monetary control. Financial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

Course Outline**1. Money**

Concept, functions, measurement; theories of money supply determination- Classical and Keynesian approaches to demand for money, Post-Keynesian approaches to demand for money — Patinkin and the Real Balance Effect; ; RBI approach to money supply; High powered money and money multiplier: Money supply in an open economy.

2. Financial Institutions, Markets, Instruments and Financial Innovations

- a. Financial institutions; types (intermediary, non-intermediary, regulatory etc.), their role in promoting economic development.
- b. Types and role of financial markets; problem of asymmetric information – adverse selection and moral hazard; financial crises.
- c. Financial instruments like Call money and short notice, treasury bills, bonds , debentures and equities.
- d. Financial derivatives and other innovations.



3. Interest Rates

Determination; sources of interest rate differentials; theories of term structure of interest rates-Expectation theory, liquidity premium theory, segmented market theory; interest rates in India.

4. Banking System

Meaning and types; Functions of commercial banks; the process of credit creation and its limitations; Balance sheet and portfolio management, Indian banking system: Changing role and structure; Banking sector reforms.

5. Central Banking and Monetary Policy

Functions of a central bank; Quantitative and qualitative methods of credit control, monetary policy: objectives, indicators and instruments of monetary control, monetary management in an open economy, current monetary policy of India, liquidity adjustment facility (LAF), MSF, limitations of monetary policy.

Readings

1. F. S. Mishkin and S. G. Eakins, *Financial Markets and Institutions*, Pearson Education, 6th edition, 2009.
2. F. J. Fabozzi, F. Modigliani, F. J. Jones, M. G. Ferri, *Foundations of Financial Markets and Institutions*, Pearson Education, 3rd edition, 2009.
3. M. R. Baye and D. W. Jansen, *Money, Banking and Financial Markets*, AITBS, 1996.
4. Rakesh Mohan, *Growth with Financial Stability- Central Banking in an Emerging Market*, Oxford University Press, 2011.
5. L. M. Bhole and J. Mahukud, *Financial Institutions and Markets*, Tata McGraw Hill, 5th edition, 2011.
6. M. Y. Khan, *Indian Financial System*, Tata McGraw Hill, 7th edition, 2011.
7. N. Jadhav, *Monetary Policy, Financial Stability and Central Banking in India*, Macmillan, 2006.
9. R.B.I. – *Report of the Working Group: Money Supply Analytics and Methodology of Compilation*, 1998.
10. R.B.I. Bulletin, Annual Report and Report on Currency and Finance (latest).

(iv) PUBLIC ECONOMICS**Course Description**

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

Course Outline**1. Introduction to Public Economics**

Meaning and scope of public finance, public finance vs. private finance, fiscal functions-allocation, distribution and stabilisation role of government, public goods - pure and partial public goods, private goods and merit goods, characteristics of public goods, rationale of public provision of public goods, free rider problem, Samuelson's theory of public goods.

2. Externalities

The problem and its solutions, taxes versus regulation, property rights,. Definition and types of externalities, Externalities and efficiency, Internalisation of externalities: corrective taxes and subsidies, Coase Theorem, significance of Coase theorem, application of Coase theorem and pollution rights.

3. Taxation

Tax and non tax revenue, direct and indirect taxes, effects of tax on production, distribution and economic activities. Dead-weight loss and distortion. Principles of taxation – Benefit theory, Ability to pay theory, Burden of taxation: Neutrality in taxation, shifting and incidence of taxation, efficiency and equity aspect of taxation. Optimal taxation.

4. Indian Public Finance-I

Features of Indian tax system, tax revenues of the central and state governments, direct and indirect taxes levied by the state and centre, changing tax structure of

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India, Tax reforms since 1991: Chelliah Committee, Kelkar Committee reports, DTC, VAT and GST.

5. Indian Public Finance-II

Budgetary trend in India, trend of receipts and expenditures of Central Govt., Types of deficits: budgetary deficit, fiscal deficit, revenue deficit and primary deficit, Public debt: problems and issues, Fiscal federalism in India: Transfer of resources from centre to state-trends and techniques, an evaluation of finance commission awards and federal financing, suggestions to improve the federal finance relation in India

Readings:

1. J. Hindriks, G. Myles: *Intermediate Public Economics*, MIT Press, 2006.
2. H. Rosen, T. Gayer: *Public Finance*, 9th ed., McGraw-Hill/Irwin, 2009.
3. Joseph E. Stiglitz, *Economics of the Public Sector*, W.W. Norton & Company, 3rd edition, 2000.
4. R.A. Musgrave and P.B. Musgrave, *Public Finance in Theory & Practice*, McGraw Hill Publications, 5th edition, 1989.
5. John Cullis and Philip Jones, *Public Finance and Public Choice*, Oxford University Press, 1st edition, 1998.
6. Harvey Rosen, *Public Finance*, McGraw Hill Publications, 7th edition, 2005.
7. Mahesh Purohit, *Value Added Tax: Experiences of India and Other Countries*, 2007.
6. Kaushik Basu and A. Maertens (ed.), *The New Oxford Companion to Economics in India*, Oxford University Press, 2013.
7. M.M. Sury, *Government Budgeting in India*, 1990.
8. Ghosh Ambar and Ghosh Chandana *Economics of the Public Sector*, PHI
9. Goode R. *Government Finance in Developing Countries*. Tata McGraw Hill

DISCIPLINE SPECIFIC ELECTIVE (DSE) PAPERS: ECONOMICS

GROUP-II

(v) 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 with special reference to India. Students are expected to read some classic texts as well as more recent commentaries.

Course Outline

1. Analysing Social Change in Historical Perspective

The method of historical materialism; the transition from feudalism to capitalism; capitalism as a historical process – alternative perspectives.

2. Capitalism as an Evolving Economic System

Basic features; accumulation and crisis; the modern corporation; monopoly capitalism— alternative perspectives.

3. The State in Capitalism

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

4. Political Economy of India-I

Industrial policy and controls, Issues in financial sector reforms.

5. Political Economy of India-II

Growth of Indian public debt, issues in fiscal policy, markets, laws and government.

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.
7. The Indian economy, problems and prospects. Edt. By bimal Jalan Penguin (2004)
8. Bimal Jalan, India's Economy in the New Millennium: Selected Essays, USB publishers, 2002.
9. A. Kohli – Politics of economic growth in India .1980- 2005 EPW Vol. 41. Issue No. 14, 2006
10. Perspectives on Indian economy: a collection of essays- c. Rangarajan (2000) UBS publishers

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(vi) FINANCIAL ECONOMICS

Course Description

This course introduces students to the economics of finance. Some of the basic models used to benchmark valuation of assets and derivatives are studied in detail; these include the CAPM, and the Binomial Option Pricing models. The course ends with a brief introduction to corporate finance.

Course Outline

1. Investment Theory and Structure of Interest rates

Introduction to financial economics, Time Value of Money: Future Value, Present Value, Future value of an annuity, Present value of annuity, Present rate of perpetuity. Investment Criteria: Net Present Value, Benefit Cost Ratio, Internal Rate of Return, Modified Internal Rate of Return.

2. Valuation of Securities

Fundamentals of Valuation of Securities: Valuation of Bonds and Stocks; Bond Yield, Yield to Maturity. Equity Valuation: Dividend Discount Model, The P/E Ratio Approach; Irrelevance of Dividends: Modigliani and Miller Hypothesis.

3. Risk and Return

Types of risk, Historical returns and Risk, computing historical returns, average annual returns, variance of returns, Measurement of Risk and Return of an asset, Measurement of Risk and Return of a Portfolio, Determinants of Beta, Risk-Return trade off.

4. Cost of Capital and Capital Asset Pricing Model

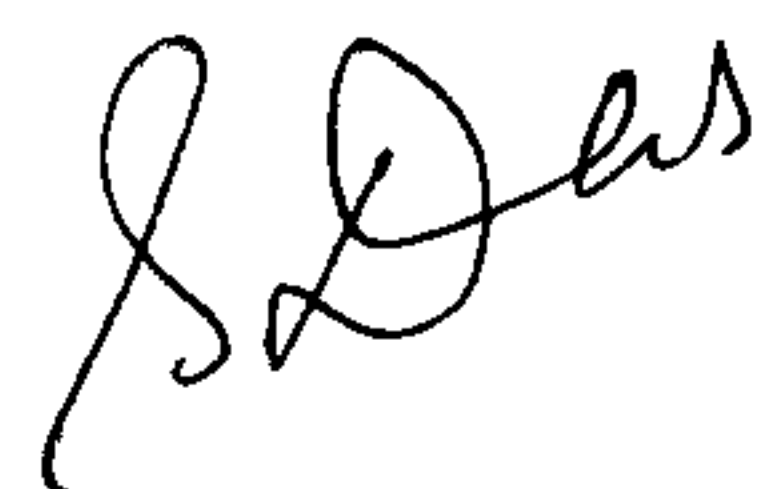
The Cost of Capital: Debt and equity; Cost of Debt, Cost of Preference Capital and Equity Capital. The capital market line; the capital asset pricing model; the beta of an asset and of a portfolio; security market line; use of the CAPM model in investment analysis and as a pricing formula.

5. Options and Derivatives

An introduction to financial derivatives: Forward, Future, Option, Swap; Relation between Spot and Forward Prices; forward vs future contract ; the use of futures for hedging; ; stock index futures; interest rate futures; option markets; call and put options; the Pay-Offs from Buying and Selling of Options; the Put Call Parity Theorem; Binomial option pricing model (BOPM) and Black-Scholes option pricing model; Interest rate swap; bond-equity swap; foreign exchange swap.

Readings:

1. L. M. Bhole and J. Mahukud, *Financial Institutions and Markets*, Tata McGraw Hill, 5th edition, 2011.
2. Prasanna Chandra, *Financial Management, Theory and Practice*, Tata McGraw Hill, 6th edition, 2006.
3. David G. Luenberger, *Investment Science*, Oxford University Press, USA, 1997.
4. Hull, John C., *Options, Futures and Other Derivatives*, Pearson Education, 6th edition, 2005.
5. Thomas E. Copeland, J. Fred Weston and Kuldeep Shastri, *Financial Theory and Corporate Policy*, Prentice Hall, 4th edition, 2003.
6. Richard A. Brealey and Stewart C. Myers, *Principles of Corporate Finance*, McGraw-Hill, 7th edition, 2002.
7. Stephen A. Ross, Randolph W. Westerfield and Bradford D. Jordan, *Fundamentals of Corporate Finance*. McGraw-Hill, 7th edition, 2005.
8. Burton G. Malkiel, *A Random Walk Down Wall Street*, W.W. Norton & Company, 2003.
9. William Sharpe, Gordon Alexander and Jeffery Bailey, *Investments*, Prentice Hall of India, 6th edition, 2003.



Course Description

This course focuses on economic causes of environmental problems. In particular, economic principles are applied to environmental questions and their management through various economic institutions, economic incentives and other instruments and policies. Economic implications of environmental policy are also addressed as well as valuation of environmental quality, quantification of environmental damages, tools for evaluation of environmental projects such as cost-benefit analysis and environmental impact assessments. Selected topics on international environmental problems are also discussed.

Course Outline

1. Introduction

What is environmental economics; Inter-linkage between economy and environment; Environmental Economics and Natural Resource Economics; Environmental quality as a public good; Serious environmental problems of developing countries: Air pollution, Water pollution, Deforestation.

2. Externalities and Economics of Environmental Policies

Market failures and externality; Property rights and Coase Theorem; Pigouvian tax-subsidy measures; Tradable permit; Command and Control method.

3. Valuation of Environmental Benefits and Costs

Non-Market values and measurement methods: Objective standard based valuation; Subjective preference based valuation: Travel cost method, Hedonic Price method; Contingent Valuation method.

4. Sustainable Development

Concepts; Sustainability rules; Indicators of sustainability: Solow/Hartwick approach, Natural Capital Stock approach, Safe Minimum Standard (SMS) approach.

5. International Environmental Problems

Trans-boundary environmental problems; Trade and Environment. Global environmental Problems (ozone layer depletion – global warming and climate change); International Cooperation for Environment Protections: Montreal and other Protocols.

Readings:

1. R.N. Bhattacharya (ed), *Environmental Economics, An Indian Perspective*, Oxford University Press, New Delhi.
2. Nick Hanley, J.F. Shogren and Ben White, *Environmental Economics, In Theory and Practice*, Macmillan India, Delhi, 1999.
3. Charles Kolstad, *Intermediate Environmental Economics*, Oxford University Press, 2nd edition, 2010.
4. Robert N. Stavins (ed.), *Economics of the Environment: Selected Readings*, W.W. Norton, 5th edition, 2005.
5. Roger Perman, Yue Ma, James McGilvray and Michael Common, *Natural Resource and Environmental Economics*, Pearson Education/Addison Wesley, 3rd edition, 2003.
6. Maureen L. Cropper and Wallace E. Oates, 1992, —Environmental Economics: A Survey, □ *Journal of Economic Literature*, Volume 30:675-740.

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(viii) INTERNATIONAL ECONOMICS**Course Description**

This course develops a systematic exposition of models that try to explain the composition, direction, and consequences of international trade, and the determinants and effects of trade policy. It then builds on the models of open economy macroeconomics developed in courses 08 and 12, focusing on national policies as well as international monetary systems. It concludes with an analytical account of the causes and consequences of the rapid expansion of international financial flows in recent years. Although the course is based on abstract theoretical models, students will also be exposed to real-world examples and case studies.

Course Outline**1. Introduction and Theories of International Trade**

Importance of the study of International Economics; Theories of absolute advantage, comparative advantage and opportunity cost; Gains from trade, Theory of reciprocal demand, Factor Endowments and Heckscher-Ohlin theory of trade; Leontief Paradox, Factor price equalization Theorem.

2. International Trade Policy

Tariff: Partial Equilibrium analysis of Tariff, General equilibrium analysis of tariff, optimum tariff, Stolper-Samuelson Theorem; Quota, Voluntary Export restraint; Free trade versus Protection; Economic Integration: Static and dynamic effects of Customs Union and Free Trade Areas; WTO and India.

3. Exchange Rate

Concept and Types of Exchange Rate (bilateral vs trade-weighted exchange rate, cross exchange rate, spot, forward, futures), Demand for and Supply of foreign exchange, Exchange Rate Determination: Trade or Elasticity Approach, Purchasing-Power Parity Theory, The Monetary Model to Exchange Rates, Fixed versus Flexible exchange rate.

4. Balance of Payments

Concepts and components of balance of trade and balance of payments; Equilibrium and disequilibrium in balance of payments; Consequences of disequilibrium in balance of payments; Various measures to correct deficit in the balance of payments.

5. International Financial Institutions

Rise and fall of Gold standard and Bretton-woods system; need and adequacy of international reserve, conditionality clause of IMF; functions of GATT/WTO, World Bank; financial globalization and financial crises.

Readings:

1. Paul Krugman, Maurice Obstfeld, and Marc Melitz, *International Economics: Theory and Policy*, Addison-Wesley (Pearson Education Indian Edition), 9th edition, 2012.
2. Dominick Salvatore, *International Economics: Trade and Finance*, John Wiley International Student Edition, 10th edition, 2011.
3. Bo sodersten and Geoffery Reed, *International Economics*, Mcmillan Press Ltd, 2011.

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SKILL ENHANCEMENT COURSE

(SEC-Ia): Computer Application (2 Credits)

1. Introduction

Introduction to computer system, uses, types. Data Representation: Number systems and character representation, binary arithmetic. Human Computer Interface: Types of software, Operating system as user interface, utility programs.

2. Devices

Input and output devices (with connections and practical demo), keyboard, mouse, joystick, scanner, OCR, OMR, bar code reader, web camera, monitor, printer, plotter. Memory: Primary, secondary, auxiliary memory, RAM, ROM, cache memory, hard disks, optical disks

3. Computer Organisation and Architecture

C.P.U., registers, system bus, main memory unit, cache memory, Inside a computer, SMPS, Motherboard, Ports and Interfaces, expansion cards, ribbon cables, memory chips, processors.

Reading List:

1. Goel, Computer Fundamentals, Pearson Education, 2010.
2. P. Aksoy, L. DeNardis, Introduction to Information Technology, Cengage Learning, 2006
3. P. K. Sinha, P. Sinha, Fundamentals of Computers, BPB Publishers, 2007.

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(SEC-Ib) TRIBAL ECONOMY OF ODISHA (2 Credits)

1. Understanding Tribes and Tribal Economy

Concept and definition of tribes in Indian Context , Geographical distribution of Tribes in India and Odisha; Scheduled Areas: constitutional provisions; Tribal Economy: Characteristics of Tribal Economies, Hunting-gathering economy, Shifting Cultivation, Plain land cultivations, mining and wage labour, Animal Husbandry and other avenues of Livelihood. Land Alienation and Agrarian Issues, Illiteracy and Exploitation

Forests and Tribal Economy – Forest Right Act, 2006; Animal Husbandry and other avenues of livelihood; Tribal Markets – Traditional and Modern; Poverty and Indebtedness, Bonded Labour and Land alienation; Trends of Economic Exploitation; Development induced Displacement and Rehabilitation: Policy and issues; Changing Nature of Tribal Economy, Economic Transformation and its impact on tribal Society.

2. Socio-cultural Development

Relevance of Socio-cultural dimension in development; Education and Literacy – Trends, Issues and Initiatives; Health, Sanitation and food security – Indigenous and emerging practices, hunger and malnutrition of tribals; Relevance of Dynamics of Tribal Culture Problems in Development Folklore, Dormitory, System, Religious Practices and Festivals; Important socio-cultural Institutions and development birth rites, death rites and marriage practices; Promotion of Dance, music, arts and crafts of tribals.

3. Planning and Development Interventions

Tribal Development during Five Year Plans – SMPT Block, TD Block, Tribal Development Agency, Sub-Plan Approach, MADA, and Cluster Approach – PTGs and Micro Projects. Relevance of different Approaches to Tribal Development – Nehru, Elwin. Three tier Panchayatiraj System – 73rd Amendment and PESA Act; Emerging Development Initiatives – Role of NGOs, Women Empowerment



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through Micro Finance and SHGs – Liquor Free Movement; Obstacles to the Tribal Development.

Reading List

1. Behera, K.K. (2003) : Organization and Management of Tribal Markets, Independent Publishing Company, New-Delhi.
2. Gomango, Giridhar (1992) : Constitutional provisions for Scheduled Castes and Scheduled Tribes, Himalaya Publishing House, Bombay.
3. Govt. of Orissa (1975): Sub-Plans for Tribal Regions of Orissa, 1974-75 (Draft), Bhubaneswar.
4. Govt. of Orissa (1994): Tribal Education in Orissa in the context of Education for all by 2000 AD, Bhubaneswar.
5. Govt. of Orissa (1997): Report on the Annual Administration of Scheduled Areas in Orissa for 1995-96. Welfare Department, Govt. of Orissa.
6. Mohapatro, P.C. (1987) : Economic Development of Tribal India. Ashish Publishing House, New Delhi.
7. Padhy S.C. (1997) : Tribals of South Orissa Problems and Prospects, B.U.
8. Patel, M.L. (Ed) (1972) : Agro-Economic problems of Tribal India. Progress Publishers, Bhopal.
9. Sahu, N.C. (1986) : Economics of Forest Resources: Problems and Policies in a regional economy. B.R. Publishing corporation, New Delhi.
10. Sharma, B.D. (1984) : Planning for Tribal Development. Prachi Prakashan, New Delhi.

Skill Enhancement Course**(SEC-IIa) ODISHA ECONOMY (2 Credits)****1. Agriculture and Industrial Sector**

Odisha economy-A macro glance, Agriculture Sector: Land use pattern, production and productivity of major crops, cropping intensity, input use, irrigation, production and availability of livestock, fisheries resources, forest and environment, Issues in Agriculture, Recent State agricultural policy.

Industrial sector- Manufacturing: Large Scale Industries, MSME, Handicrafts and Cottage Industries, export of industrial products, state industrial policy resolution. Major state level institutions; Mining and Quarrying: Deposits, Production and Exports of Minerals.

2. Service Sector and Infrastructure

Service Sector: Institutional Finance, Construction, Tourism, Trade, Hotel and Restaurant Industry, Policies for Promotion of Tourism and Hospitality Industry; Infrastructure: Power, Transport, Mail and Telecommunication, Science and Technology.

3. Human development and Social Sector

Human development and poverty: Poverty: Dimensions, trends and incidence, Literacy Levels, Health Conditions, Regional Disparity and Development Approach for Odisha; Social Sector: Education, Health and Family Welfare, Water

Supply and Sanitation, Welfare Programmes, Women's Development and Welfare, Welfare of Scheduled Castes and Scheduled Tribes.

Reading List

1. Economic Survey (Annual), Planning and Coordination Department, Directorate of Economics and Statistics, Government of Odisha.
2. Orissa Development Report, Planning Commission
3. Orissa Human Development Report, UNDP
4. S C. Panda, P. B. Nayak and P. Pattnaik, (eds), *The Economy of Odisha*, Oxford University Press, New Delhi.

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(SEC-IIb) Odisha Budget (2 Credits)

1. Basic Concepts

Basic concepts of budget, components of budget, classification of expenditures- revenue and capital expenditures, plan and non-plan; sources of receipts- revenue and capital receipts, tax and non-tax revenues, direct and indirect taxes. Types of deficits: budgetary deficit, fiscal deficit, revenue deficit and primary deficit.

2. The Budget-making Exercise in Odisha:

Pre-budget consultation, Role of legislatures in Budget Preparation, Budget cycle, Budget institutions, Critical issues in Budget Making in Odisha, Technicalities of Budget, Glimpse of some important Budget Documents, Advocating for a Participatory Budgeting, Role of media and civil society organisations in Participatory Budgeting, factors impeding the participatory budgeting.

3. Analysis of the Recent Odisha Budget

Annual Financial Statement, Demand for grants, Agricultural Budget, Statement of Odisha budget as per FRBM Act, trends and patterns of expenditure management, Public debt management, Developmental implications of the recent budget.

Reading List

1. Rosen Harvey, *Public Finance*. McGraw Hill
2. Budget Training Module for the Civil Society Organizations, CYSD,
<http://www.obac.in/Training%20module%20on%20State%20Budget%20and%20Its%20Process.pdf>
3. The recent Odisha Budget, available at
<http://www.odisha.gov.in/finance/Budget.asp?GL=Budget&PL=1&T>
4. Due, John F and Friedlander, *Government Finance, The Economics of Public Sector*, Homewood, Ill. , R.D. Irwin, 1981, 7th Edition.
5. Atkinson and Stiglitz, *Lectures on Public Economics*, Princeton University Press.

GENERIC ELECTIVE COURSE - ECONOMICS

GEC I: 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.

Course Outline

1. Exploring the subject matter of Economics

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

2. Supply and Demand: How Markets Work, Markets and Welfare

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

3: The Households

The consumption decision - budget constraint, consumption and income/price changes, demand for all other goods and price changes; description of preferences



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(representing preferences with indifference curves); properties of indifference curves; consumer's optimum choice; income and substitution effects; labour supply and savings decision - choice between leisure and consumption.

4. The Firm and Market Structure

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

5. Input Markets

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

Readings

1. 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.

GEC-II: INTRODUCTORY MACROECONOMICS

Course Description

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

Course Outline

1. Introduction to Macroeconomics and Basic Concepts

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

2. Measurement of Macroeconomic Variables

Rules and approaches of Measurement of GDP (Income, expenditure, product and Value added approaches), Difficulties of Estimating National Income, Circular Flow of Income and expenditure in two, three, and four-sector economy. National Income and Economic Welfare; Green Accounting.

3. Money

Functions of money; Quantity Theory of Money –Cash Transactions, Cash Balances and Keynesian Approaches; determination of money supply and demand; credit creation; tools of monetary policy.

4. Inflation, Deflation, Depression and Stagflation

Inflation- Meaning, Types, causes and Effects. Demand-pull and cost-push inflation; the cost of inflation and anti-Inflationary Measures; Deflation- Meaning,

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Causes, Costs and Anti-Deflationary Measures, Depression and Stagflation; Inflation vs. Deflation

5. The Closed Economy in the Short Run

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

Readings:

1. 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.
8. Edward Shapiro, *Macroeconomic Analysis*, 5th Edition, 2013.

Course Description

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

Course Outline

1. Introduction to Indian Economy

Major features of Indian Economy at independence; characteristics of economic underdevelopment of India (with reference to colonial rule of India); Trend in National Income and Percapita income; Growth and development under different policy regimes—goals, constraints, institutions and policy framework.

2. Population and Human Development

Broad demographic features — Population size and growth rates; Sex and age composition, Occupational distribution; Density of population, Urbanisation and economic growth in India. Population growth as a factor of economic development, National Population Policy, Progress of human development in India. Development of education in India, health and family welfare and the development of health infrastructure.

3. Growth and Distribution

Growth, Distribution and trends of national income and sectoral distribution. An assessment of performance—sustainability and regional contrasts; structural change, Trends, measurement and policies in poverty; Inequality-measurement, causes and effects, Unemployment-types, causes and employment policies in India.

4. Economic Planning in India

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

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5. Indian economy in post reform period

Background of Indian economic Reforms— New economic policy; Redefining India's development strategy; Changing role of state and market, Disinvestment policy and privatization; Financial sector reforms

Readings:

1. Jean Dreze and Amartya Sen, 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. Rakesh Mohan, 2008, —Growth Record of Indian Economy: 1950-2008. A Story of Sustained Savings and Investment, *Economic and Political Weekly*, May.
4. S.L. Shetty, 2007, —India's Savings Performance since the Advent of Planning, in K.L. Krishna and A. Vaidyanathan, editors, *Institutions and Markets in India's Development*.
5. Himanshu, 2010, Towards New Poverty Lines for India, *EPW*, January.
6. Jean Dreze and Angus Deaton, 2009, Food and Nutrition in India: Facts and Interpretations, *EPW*, February.
7. Himanshu. 2011, —Employment Trends in India: A Re-examination, *Economic and Political Weekly*, September.
8. Rama Baru et al, 2010, —Inequities in Access to Health Services in India: Caste, Class and Region, *Economic and Political Weekly*, September.
9. Geeta G. Kingdon, 2007, —The Progress of School Education in India, *Oxford Review of Economic Policy*.
10. J.B.G. Tilak, 2007, —Post Elementary Education, Poverty and Development in India, *International Journal of Educational Development*.
11. T. Dyson, 2008, —India's Demographic Transition and its Consequences for Development□ in Uma Kapila, editor, *Indian Economy Since Independence*, 19th edition, Academic Foundation.
12. Kaushik Basu, 2009, —China and India: Idiosyncratic Paths to High Growth, *EPW*, September.
13. K. James, 2008, —Glorifying Malthus: Current Debate on Demographic Dividend in India□ *Economic and Political Weekly*, June.
14. Reetika Khera, 2011, —India's Public Distribution System: Utilisation and Impact *Journal of Development Studies*.
15. Aniruddha Krishna and Devendra Bajpai, 2011, —Lineal Spread and Radial Dissipation: Experiencing Growth in Rural India, 1992-2005, *EPW*, September.
16. Kaushik Basu and A. Maertens, (eds), *The New Oxford Companion to Economics*, Oxford University Press, 2013.

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GEC-III B: MONEY AND FINANCIAL MARKETS

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.

Course Outline

1. Money

Concept, functions, measurement; theories of money supply determination- Classical and Keynesian approaches to demand for money, Post-Keynesian approaches to demand for money — Patinkin and the Real Balance Effect; ; RBI approach to money supply; High powered money and money multiplier: Money supply in an open economy.

2. Financial Institutions, Markets, Instruments and Financial Innovations

- a. Financial institutions; types (intermediary, non-intermediary, regulatory etc.), their role in promoting economic development.
- b. Types and role of financial markets; problem of asymmetric information – adverse selection and moral hazard; financial crises.
- c. Financial instruments like Call money and short notice, treasury bills, bonds , debentures and equities.
- d. Financial derivatives and other innovations.



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3. Interest Rates

Determination; sources of interest rate differentials; theories of term structure of interest rates-Expectation theory, liquidity premium theory, segmented market theory; interest rates in India.

4. Banking System

Meaning and types; Functions of commercial banks; the process of credit creation and its limitations; Balance sheet and portfolio management, Indian banking system: Changing role and structure; Banking sector reforms.

5. Central Banking and Monetary Policy

Functions of a central bank; Quantitative and qualitative methods of credit control, monetary policy: objectives, indicators and instruments of monetary control, monetary management in an open economy, current monetary policy of India, liquidity adjustment facility (LAF), MSF, limitations of monetary policy.

Readings

11. F. S. Mishkin and S. G. Eakins, *Financial Markets and Institutions*, Pearson Education, 6th edition, 2009.
12. F. J. Fabozzi, F. Modigliani, F. J. Jones, M. G. Ferri, *Foundations of Financial Markets and Institutions*, Pearson Education, 3rd edition, 2009.
13. M. R. Baye and D. W. Jansen, *Money, Banking and Financial Markets*, AITBS, 1996.
14. Rakesh Mohan, *Growth with Financial Stability- Central Banking in an Emerging Market*, Oxford University Press, 2011.
15. L. M. Bhole and J. Mahukud, *Financial Institutions and Markets*, Tata McGraw Hill, 5th edition, 2011.
16. M. Y. Khan, *Indian Financial System*, Tata McGraw Hill, 7th edition, 2011.
17. N. Jadhav, *Monetary Policy, Financial Stability and Central Banking in India*, Macmillan, 2006.
18. Macmillan, 2006.
19. R.B.I. – *Report of the Working Group: Money Supply Analytics and Methodology of Compilation*, 1998.
20. R.B.I. Bulletin, Annual Report and Report on Currency and Finance (latest).

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GCE-IVA: INDIAN ECONOMY-II

Course Description

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

Course Outline

1. Agricultural Development in India

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

2. Industrial Development in India

Trends in industrial output and productivities; Industrial Policies of 1948, 1956, 1977 and 1991; Industrial Licensing Policies – MRTP Act, FERA and FEMA; Performance of public sector and its privatization; Growth and problems of SSIs, Industrial sickness; Industrial finance; Labour market reform.

3. Tertiary Sector and HRD

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

4. Indian Public finance

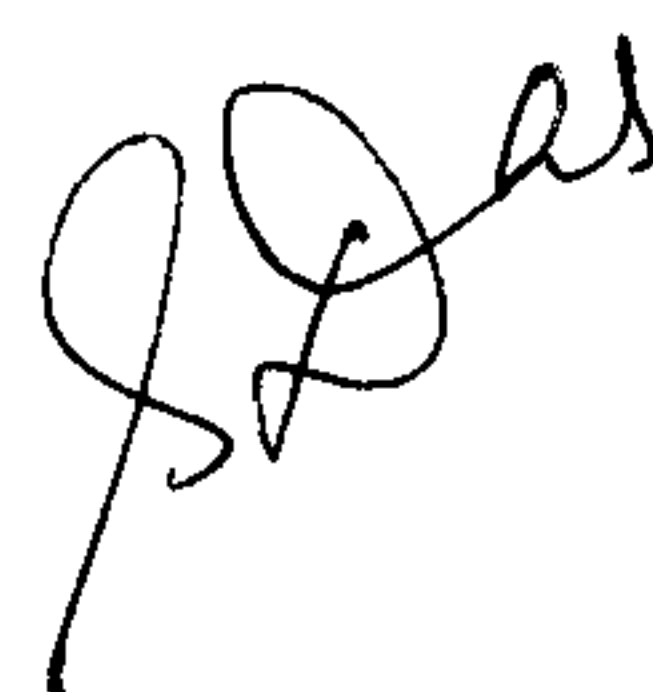
Indian Public Finance: Indian tax system, public expenditure, public debt, deficit and subsidies in the Indian economy, Centre-state financial relation, Role of Finance Commission.

5. External Sector

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

Readings:

1. Shankar Acharya, 2010, —Macroeconomic Performance and Policies 2000-8, in Shankar Acharya and Rakesh Mohan, editors, *India's Economy: Performances and Challenges: Development and Participation*, Oxford University Press.
2. 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.
3. Pulapre Balakrishnan, Ramesh Golait and Pankaj Kumar, 2008, —Agricultural Growth in India Since 1991, *RBI DEAP Study no. 27*.
4. B.N. Goldar and S.C. Aggarwal, 2005, —Trade Liberalisation and Price-Cost Margin in Indian Industries, *The Developing Economics*, September.
5. P. Goldberg, A. Khandelwal, N. Pavcnik and P. Topalova, 2009, —Trade Liberalisation and New Imported Inputs, *American Economic Review, Papers and Proceedings*, May.
6. Kunal Sen, 2010, —Trade, Foreign Direct Investment and Industrial Transformation in India, in Premachandra Athukorala, editor, *The Rise of Asia*, Routledge.
7. A. Ahsan, C. Pages and T. Roy, 2008, —Legislation, Enforcement and Adjudication in Indian Labour Markets: Origins, Consequences and the Way Forward, in D. Mazumdar and S. Sarkar, editors, *Globalization, Labour Markets and Inequality in India*, Routledge.
8. Dipak Mazumdar and Sandeep Sarkar, 2009, —The Employment Problem in India and the Phenomenon of the 'Missing Middle', *Indian Journal of Labour Economics*.
9. J. Dennis Rajakumar, 2011, —Size and Growth of Private Corporate Sector in Indian Manufacturing, *Economic and Political Weekly*, April.
10. Ramesh Chand, 2010, —Understanding the Nature and Causes of Food Inflation, *EPW*, February.
11. Bishwanath Goldar, 2011, —Organised Manufacturing Employment: Continuing the Debate, *Economic and Political Weekly*, April.
12. Kaushik Basu and A. Maertens, eds, 2013, *The New Oxford Companion to Economics in India*, Oxford University Press.



GEC-IVB: PUBLIC ECONOMICS

Course Description

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

Course Outline

1. Introduction to Public Economics

Meaning and scope of public finance, public finance vs. private finance, fiscal functions-allocation, distribution and stabilisation role of government, public goods - pure and partial public goods, private goods and merit goods, characteristics of public goods, rationale of public provision of public goods, free rider problem, Samuelson's theory of public goods.

2. Externalities

The problem and its solutions, taxes versus regulation, property rights,. Definition and types of externalities, Externalities and efficiency, Internalisation of externalities: corrective taxes and subsidies, Coase Theorem, significance of Coase theorem, application of Coase theorem and pollution rights.

3. Taxation

Tax and non tax revenue, direct and indirect taxes, effects of tax on production, distribution and economic activities. Dead-weight loss and distortion. Principles of taxation – Benefit theory, Ability to pay theory, Burden of taxation: Neutrality in taxation, shifting and incidence of taxation, efficiency and equity aspect of taxation. Optimal taxation.

4. Indian Public Finance-I

Features of Indian tax system, tax revenues of the central and state governments, direct and indirect taxes levied by the state and centre, changing tax structure of



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India, Tax reforms since 1991: Chelliah Committee, Kelkar Committee reports, DTC, VAT and GST.

5. Indian Public Finance-II

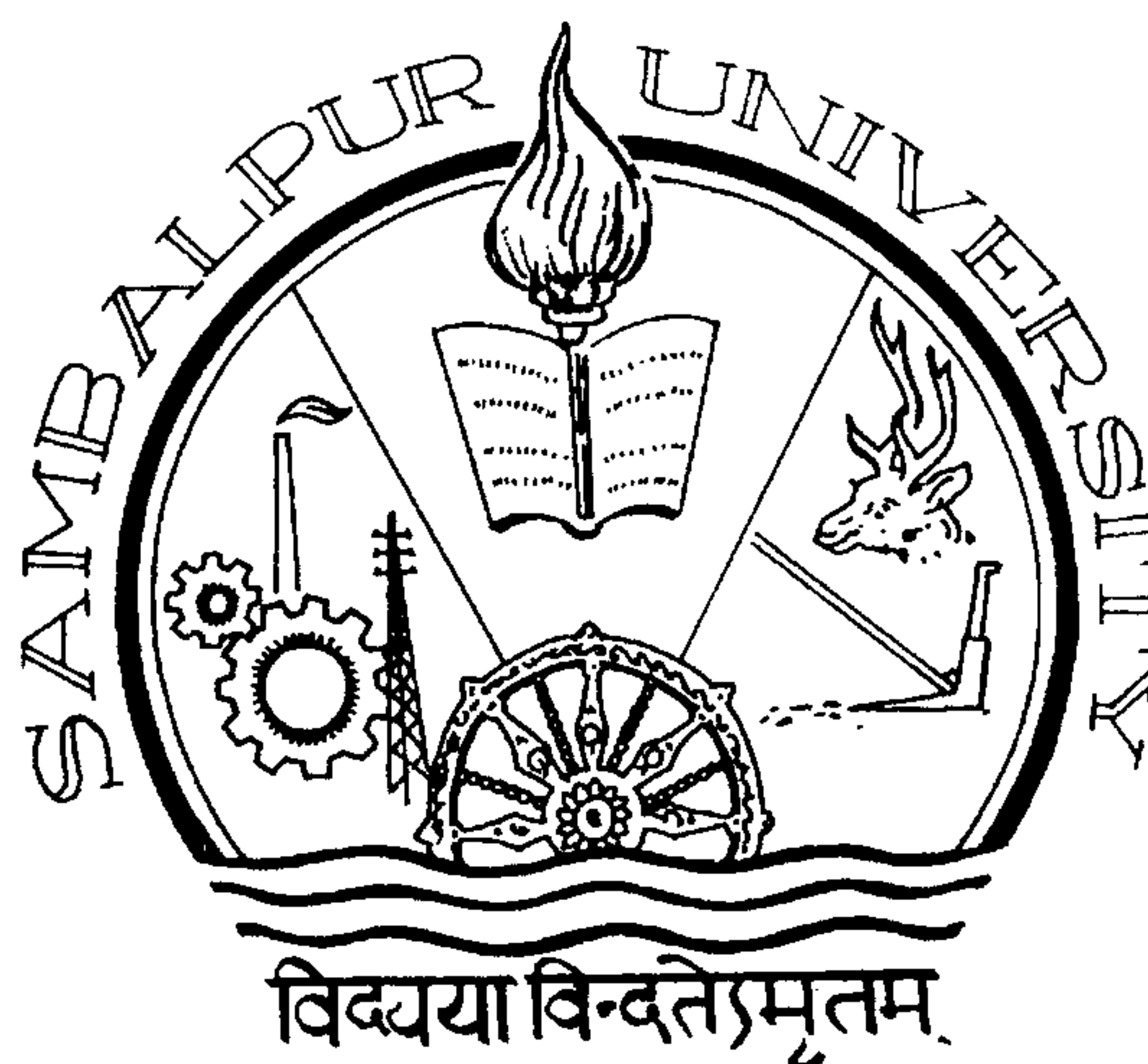
Budgetary trend in India, trend of receipts and expenditures of Central Govt., Types of deficits: budgetary deficit, fiscal deficit, revenue deficit and primary deficit, Public debt: problems and issues, Fiscal federalism in India: Transfer of resources from centre to state-trends and techniques, an evaluation of finance commission awards and federal financing, suggestions to improve the federal finance relation in India

Readings:

8. J. Hindriks, G. Myles: *Intermediate Public Economics*, MIT Press, 2006.
9. H. Rosen, T. Gayer: *Public Finance*, 9th ed., McGraw-Hill/Irwin, 2009.
10. Joseph E. Stiglitz, *Economics of the Public Sector*, W.W. Norton & Company, 3rd edition, 2000.
11. R.A. Musgrave and P.B. Musgrave, *Public Finance in Theory & Practice*, McGraw Hill Publications, 5th edition, 1989.
12. John Cullis and Philip Jones, *Public Finance and Public Choice*, Oxford University Press, 1st edition, 1998.
13. Harvey Rosen, *Public Finance*, McGraw Hill Publications, 7th edition, 2005.
14. Mahesh Purohit, *Value Added Tax: Experiences of India and Other Countries*, 2007.
10. Kaushik Basu and A. Maertens (ed.), *The New Oxford Companion to Economics in India*, Oxford University Press, 2013.
11. M.M. Sury, *Government Budgeting in India*, 1990.
12. Ghosh Ambar and Ghosh Chandana *Economics of the Public Sector*, PHI
13. Goode R. *Government Finance in Developing Countries*. Tata McGraw Hill

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

Approved by
the Board of Studies of Economics
held on 29th September 2016



SAMBALPUR UNIVERSITY
JYOTI VIHAR, BURLA – 768019
ODISHA, INDIA

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29/9/16

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Syllabus for B.A.

Core and Discipline Specific Elective (DSE)
Courses in Economics

Semester I		Semester II	
Core Economics I: Principles of		Core Economics II: Principles of	
Microeconomics-I		Microeconomics-II	
Semester III		Semester IV	
Core Economics III: Principles of		Core Economics IV: Principles of	
Macroeconomics-I		Macroeconomics-II	
Semester V		Semester VI	
Discipline Specific Elective I		Discipline Specific Elective II	
One of the following:		One of the following:	
i.	DSE 1: Indian Economy-I	iv.	DSE 4: Indian Economy-II
ii.	DSE 2: Money and Financial Markets	v.	DSE 5: International economics
iii.	DSE 3: Environmental Economics	vi.	DSE 6: Public Economics

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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.

Course Outline

1. Introduction

- a. Problem of scarcity and choice: scarcity, choice and opportunity cost.
- b. Demand and supply: concept of utility, diminishing marginal utility, law of demand and its exceptions, determinants of demand, shifts of demand versus movements along a demand curve, market demand, law of supply, determinants of supply, shifts of supply versus movements along a supply curve, market supply, market equilibrium.
- c. Applications of demand and supply: price rationing, price floors, consumer surplus, producer surplus.
- d. Elasticity: price elasticity of demand, calculating elasticity, determinants of price elasticity, other elasticities.

2. Consumer Theory

Indifference Curves, Budget constraint, Utility Maximization and Choice: The Two-Good Case (Graphical Analysis), income and substitution effects; derivation of demand curve from indifference curve and budget constraint.

3. Production

Production: behaviour of profit maximising firms, production process, production functions, law of variable proportions, choice of technology, isoquant and isocost lines, cost minimizing equilibrium condition.

4. Costs

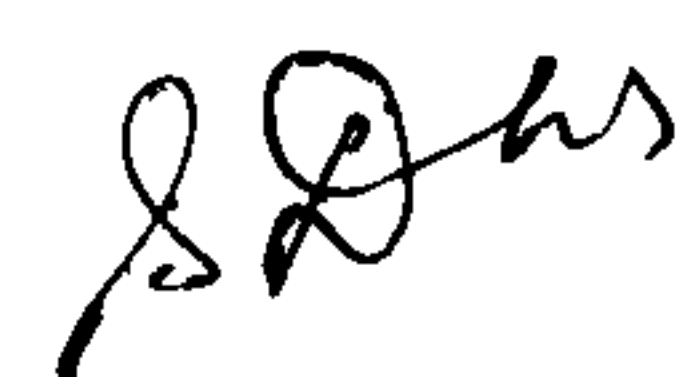
Costs: costs in the short run, costs in the long run, revenue and profit maximizations, minimizing losses, short run industry supply curve, economies and diseconomies of scale, long run adjustments.

5. Perfect Competition

Assumptions: theory of a firm under perfect competition, demand and revenue; equilibrium of the firm in the short run and long run; long run industry supply curve: increasing, decreasing and constant cost industries.

Readings:

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



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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

1. General Equilibrium and Welfare

Perfectly Competitive Price System, A Graphical Model of General Equilibrium with Two Goods, Comparative Statics Analysis, General Equilibrium Modeling and Factor Prices, Welfare: allocative efficiency under perfect competition.

2. Theory of a Monopoly Firm

Concept of imperfect competition; short run and long run price and output decisions of a monopoly firm; concept of a supply curve under monopoly; comparison of perfect competition and monopoly, social cost of monopoly, price discrimination; remedies for monopoly: Antitrust laws, natural monopoly.

3. Imperfect Competition

Monopolistic competition: Assumptions, SR & LR price and output determinations under monopolistic competition, economic efficiency and resource allocation; oligopoly: assumptions, oligopoly models, game theory, contestable markets, role of government.

4. Market Failure

Sources of market failure, imperfect markets, public goods, externalities, imperfect information; adverse selection, moral hazard, evaluating the market mechanism.

5. Income Distribution and Factor pricing

Input markets: demand for inputs; labour markets, land markets, profit maximisation condition in input markets, input demand curves, distribution of Income.

Readings:

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

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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.

Course Outline

1. Introduction

What is macroeconomics? Stock and Flow variables, Equilibrium and Disequilibrium, Partial and General Equilibrium Statics – Comparative Statics and Dynamics ; National Income Concepts – GDP, GNP, NDP and NNP at market price and factor cost; Personal Income and Disposable personal Income; Real and Nominal GDP.

2. National Income Accounting

Rules and approaches of Measurement of GDP (Income, expenditure, product and Value added approaches), Difficulties of Estimating National Income, Circular Flow of Income and expenditure in two, three and four-sector economy.

3. Determination of GDP

Actual and potential GDP; aggregate expenditure; concepts of MPS, APS, MPC, APC; autonomous expenditure; consumption function; investment function; equilibrium GDP; Concept of multiplier; investment multiplier.

4. National Income Determination in an Open Economy with Government

Fiscal Policy: impact of changes in government expenditure and taxes; import function; net exports function; net exports and equilibrium national income; foreign trade multiplier.

5. Money in a Modern Economy

Concept of money in a modern economy; monetary aggregates; demand for money; quantity theory of money; liquidity preference and rate of interest; money supply and credit creation; monetary policy.

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
3. Edward Shapiro, *Macroeconomic Analysis*, Harcourt Brace Jovanovich, 1982
4. N. Gregory Mankiw. *Macroeconomics*, Worth Publishers, 7th edition, 2010.

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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.

Course Outline

1. IS-LM Analysis

Derivations of the IS and LM functions; IS-LM and aggregate demand; shifts in the AD curve.

2. GDP and Price Level in Short Run and Long Run

Aggregate demand and aggregate supply; multiplier Analysis with AD curve and changes in price levels; aggregate supply in the SR and LR.

3. Inflation and Unemployment

Concept of inflation; determinants of inflation; relationship between inflation and unemployment: Phillips Curve in short run and long run.

4. Foreign Exchange Rate

market for foreign exchange; determination of exchange rate. Determination of Foreign Exchange Rate- the PPP Theory and its Implications, Fixed vs. Flexible Exchange Rates.

5. Balance of Payments

Balance of payments: current account and capital account; Balance of Trade, Disequilibrium in the Balance of Payment, Measures to correct the deficit in BOP.

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
5. Edward Shapiro, *Macroeconomic Analysis*, Harcourt Brace Jovanovich, 1982
6. N. Gregory Mankiw. *Macroeconomics*, Worth Publishers, 7th edition, 2010.

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Discipline Specific Elective I

One of the following:

i. DSE 1: Indian Economy-I

Course Description

Using appropriate analytical frameworks, this course introduces the Indian economy and reviews major trends in different sectors of the economy. It also discusses the some challenges the economy is facing. Given the rapid changes taking place in India, the reading list will have to be updated annually.

Course Outline

1. Introduction to Indian Economy

Colonialism & British Rule: Exploitation and under-development in India; Basic features of India Economy; Indian Economy as a developing economy; Demographic trends in India - Size and growth of population, Occupational structure, Sex composition, Age structure and demographic dividend; Causes of population growth and population policy.

2. Indian Agriculture

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

3. Industrial Development in India

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

4. Service Sector in India

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

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5. Current Challenges facing Indian Economy

- a. Unemployment – Meaning; Important employment Generation programmes, MGNREGS.
- b. Inequality in income distribution – Causes thereof; Govt. policy to check its growth.

Basic Readings:

1. Kapila U. *Indian economy since Independence*. Academic Foundation, New Delhi
2. Misra, S. K. and Puri V. K. *Indian Economy — Its Development Experience*. Himalaya Publishing House, Mumbai
3. Dutt R. and Sundharam K. P. M. *Indian Economy*. S. Chand & Company Ltd., New Delhi.
4. Agarawala, A. N. *Indian Economy*, New Age Publications, New Delhi
5. Panagariya, Arvind (2008): *India: the Emerging Giant*, Oxford University Press, New York
6. Acharya, S. and Mohan, R. (Eds.) (2010): *India's Economy: Performance and Challenges*, Oxford University Press, New Delhi.

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ii. DSE 2: Money and Financial Market

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.

Course Outline

1. Money

Concept, functions, measurement; theories of money supply determination- Classical and Keynesian approaches to demand for money, Post-Keynesian approaches to demand for money — Patinkin and the Real Balance Effect; ; RBI approach to money supply; High powered money and money multiplier: Money supply in an open economy.

2. Financial Institutions, Markets, Instruments and Financial Innovations

- a. Financial institutions; types (intermediary, non-intermediary, regulatory etc.), their role in promoting economic development.
- b. Types and role of financial markets; problem of asymmetric information – adverse selection and moral hazard; financial crises.
- c. Financial instruments like Call money and short notice, treasury bills, bonds , debentures and equities.
- d. Financial derivatives and other innovations.

3. Interest Rates

Determination; sources of interest rate differentials; theories of term structure of interest rates- Expectation theory, liquidity premium theory , segmented market theory; interest rates in India.

4. Banking System

Meaning and types; Functions of commercial banks; the process of credit creation and its limitations; Balance sheet and portfolio management, Indian banking system: Changing role and structure; Banking sector reforms.

5. Central Banking and Monetary Policy

Functions of a central bank; Quantitative and qualitative methods of credit control, monetary policy: objectives, indicators and instruments of monetary control, monetary management in an open economy, current monetary policy of India, liquidity adjustment facility (LAF), MSF, limitations of monetary policy.

Readings

1. F. S. Mishkin and S. G. Eakins, *Financial Markets and Institutions*, Pearson Education, 6th edition, 2009.
2. F. J. Fabozzi, F. Modigliani, F. J. Jones, M. G. Ferri, *Foundations of Financial Markets and Institutions*, Pearson Education, 3rd edition, 2009.
3. M. R. Baye and D. W. Jansen, *Money, Banking and Financial Markets*, AITBS, 1996.
4. Rakesh Mohan, *Growth with Financial Stability- Central Banking in an Emerging Market*, Oxford University Press, 2011.
5. L. M. Bhole and J. Mahukud, *Financial Institutions and Markets*, Tata McGraw Hill, 5th edition, 2011.
6. M. Y. Khan, *Indian Financial System*, Tata McGraw Hill, 7th edition, 2011.
7. N. Jadhav, *Monetary Policy, Financial Stability and Central Banking in India*, Macmillan, 2006.
9. R.B.I. – *Report of the Working Group: Money Supply Analytics and Methodology of Compilation*, 1998.
10. R.B.I. Bulletin, Annual Report and Report on Currency and Finance (latest).

iii. DSE 3: Environmental Economics:

Course Description

This course focuses on economic causes of environmental problems. In particular, economic principles are applied to environmental questions and their management through various economic institutions, economic incentives and other instruments and policies. Economic implications of environmental policy are also addressed as well as valuation of environmental quality, quantification of environmental damages, tools for evaluation of environmental projects such as cost-benefit analysis and environmental impact assessments. Selected topics on international environmental problems are also discussed.

Course Outline

1. Introduction

What is environmental economics; Inter-linkage between economy and environment; Environmental Economics and Natural Resource Economics; Environmental quality as a public good; Serious environmental problems of developing countries: Air pollution, Water pollution, Deforestation.

2. Externalities and Economics of Environmental Policies

Market failures and externality; Property rights and Coase Theorem; Pigouvian tax-subsidy measures; Tradable permit; Command and Control method.

3. Valuation of Environmental Benefits and Costs

Non-Market values and measurement methods: Objective standard based valuation; Subjective preference based valuation: Travel cost method, Hedonic Price method; Contingent Valuation method.

4. Sustainable Development

Concepts; Sustainability rules; Indicators of sustainability: Solow/Hartwick approach, Natural Capital Stock approach, Safe Minimum Standard (SMS) approach.

5. International Environmental Problems

Trans-boundary environmental problems; Trade and Environment. Global environmental Problems (ozone layer depletion – global warming and climate

change); International Cooperation for Environment Protections: Montreal and other Protocols.

Readings:

1. R.N. Bhattacharya (ed), *Environmental Economics, An Indian Perspective*, Oxford University Press, New Delhi.
2. Nick Hanley, J.F. Shogren and Ben White, *Environmental Economics, In Theory and Practice*, Macmillan India, Delhi, 1999.
3. Charles Kolstad, *Intermediate Environmental Economics*, Oxford University Press, 2nd edition, 2010.
4. Robert N. Stavins (ed.), *Economics of the Environment: Selected Readings*, W.W. Norton, 5th edition, 2005.
5. Roger Perman, Yue Ma, James McGilvray and Michael Common, *Natural Resource and Environmental Economics*, Pearson Education/Addison Wesley, 3rd edition, 2003.
6. Maureen L. Cropper and Wallace E. Oates, 1992, —Environmental Economics: A Survey, □ *Journal of Economic Literature*, Volume 30:675-740.



Discipline Specific Elective II

One of the following:

iv. DSE 4: Indian Economy–II

Course Description

This is a second part of the analysis of Indian economy. This course examines the remaining sectors like economics of external sector, financial sector, public sectors. It also discusses the implications of economic reforms on India. Finally it examines different challenges the country facing.

Course Outline

1.External Sector in India

Trends, Composition & Direction in exports from and imports of India; Problems of Balance of Payment: Causes of deficit in BoP & measures to correct it; Trade Policy- Export Promotion Vs Import Substitution; Foreign Trade Policy of India; WTO and India

2. Financial Markets in India

Commercial Banking in India- Nationalisation of Banks; Lead bank scheme and branch expansion; RBI - Functions, Monetary Policy; Development Banking- IFCI, IDBI, SIDBI and NABARD.

3. Indian Public Finance

Public Expenditure-Growth and Composition, Causes of Growth of Public Expenditure in India: Tax Revenue of Central and State Governments; Concept of VAT; Deficit Financing in India-Revenue, Budget, Fiscal and Primary Deficits; Purpose and Effects of Deficit Financing; India's Fiscal Policy- Objectives.

4. Economic Reforms, Globalisation in India, Foreign Capital and MNCs

- Genesis of Reforms, Macroeconomic Stabilisation, Structural Reforms, Appraisal
- Globalisation and its impact on the Indian Economy.
- Foreign Capital - Need, and Components
- MNCs – Reasons for Growth and Appraisal

5. Current Challenges Facing Indian Economy

- Inflation – Causes, Consequences and Anti-inflationary Policy.
- Poverty – Poverty line and Estimates, Major Poverty Alleviation Programmes.
- Environmental Degradation – Growth and Environment; Population Growth and Environment; Environment Policy.

Basic Readings:

- i. Kapila U. *Indian economy since Independence*. Academic Foundation, New Delhi
- ii. Misra, S. K. and Puri V. K. *Indian Economy — Its Development Experience*. Himalaya Publishing House, Mumbai
- iii. Dutt R. and Sundharam K. P. M. *Indian Economy*. S. Chand & Company Ltd., New Delhi.
- iv. Agarawala, A. N. *Indian Economy*, New Age Publications, New Delhi
- v. Panagariya, Arvind (2008): **India: the Emerging Giant**, Oxford University Press, New York
- vi. Acharya, S. and Mohan, R. (Eds.) (2010): **India's Economy: Performance and Challenges**, Oxford University Press, New Delhi.

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v. DSE 5: International Economics

Course Description

This course develops a systematic exposition of models that try to explain the composition, direction, and consequences of international trade, and the determinants and effects of trade policy. It then builds on the models of open economy macroeconomics developed in courses 08 and 12, focusing on national policies as well as international monetary systems. It concludes with an analytical account of the causes and consequences of the rapid expansion of international financial flows in recent years. Although the course is based on abstract theoretical models, students will also be exposed to real-world examples and case studies.

Course Outline

1. Introduction and Theories of International Trade

Importance of the study of International Economics; Theories of absolute advantage, comparative advantage and opportunity cost; Gains from trade, Theory of reciprocal demand, Factor Endowments and Heckscher-Ohlin theory of trade; Leontief Paradox, Factor price equalization Theorem.

2. International Trade Policy

Tariff: Partial Equilibrium analysis of Tariff, General equilibrium analysis of tariff, optimum tariff, Stolper-Samuelson Theorem; Quota, Voluntary Export restraint; Free trade versus Protection; Economic Integration: Static and dynamic effects of Customs Union and Free Trade Areas; WTO and India.

3. Exchange Rate

Concept and Types of Exchange Rate (bilateral vs trade-weighted exchange rate, cross exchange rate, spot, forward, futures), Demand for and Supply of foreign exchange, Exchange Rate Determination: Trade or Elasticity Approach, Purchasing-Power Parity Theory, The Monetary Model to Exchange Rates, Fixed versus Flexible exchange rate.

4. Balance of Payments

Concepts and components of balance of trade and balance of payments; Equilibrium and disequilibrium in balance of payments; Consequences of disequilibrium in balance of payments; Various measures to correct deficit in the balance of payments.

5. International Financial Institutions

Rise and fall of Gold standard and Bretton-woods system; need and adequacy of international reserve, conditionality clause of IMF; functions of GATT/WTO, World Bank; financial globalization and financial crises.

Readings:

1. Paul Krugman, Maurice Obstfeld, and Marc Melitz, *International Economics: Theory and Policy*, Addison-Wesley (Pearson Education Indian Edition), 9th edition, 2012.
2. Dominick Salvatore, *International Economics: Trade and Finance*, John Wiley International Student Edition, 10th edition, 2011.
3. Bo sodersten and Geoffery Reed, *International Economics*, Mcmillan Press Ltd, 2011.

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vi. DSE 6: Public Economics

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.

Course Outline

1. Introduction to Public Economics

Meaning and scope of public finance, public finance vs. private finance, fiscal functions- allocation, distribution and stabilisation role of government, public goods - pure and partial public goods, private goods and merit goods, characteristics of public goods, rationale of public provision of public goods, free rider problem, Samuelson's theory of public goods.

2. Externalities

The problem and its solutions, taxes versus regulation, property rights,. Definition and types of externalities, Externalities and efficiency, Internalisation of externalities: corrective taxes and subsidies, Coase Theorem, significance of Coase theorem, application of Coase theorem and pollution rights.

3. Taxation

Tax and non tax revenue, direct and indirect taxes, effects of tax on production, distribution and economic activities. Dead-weight loss and distortion. Principles of taxation – Benefit theory, Ability to pay theory, Burden of taxation: Neutrality in taxation, shifting and incidence of taxation, efficiency and equity aspect of taxation. Optimal taxation.

4. Indian Public Finance-I

Features of Indian tax system, tax revenues of the central and state governments, direct and indirect taxes levied by the state and centre, changing tax structure of India, Tax reforms since 1991: Chelliah Committee, Kelkar Committee reports, DTC, VAT and GST.

5. Indian Public Finance-II

Budgetary trend in India, trend of receipts and expenditures of Central Govt., Types of deficits: budgetary deficit, fiscal deficit, revenue deficit and primary deficit, Public debt: problems and issues, Fiscal federalism in India: Transfer of resources from centre to state-trends and techniques, an evaluation of finance commission awards and federal financing, suggestions to improve the federal finance relation in India

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Readings:

1. J. Hindriks, G. Myles: *Intermediate Public Economics*, MIT Press, 2006.
2. H. Rosen, T. Gayer: *Public Finance*, 9th ed., McGraw-Hill/Irwin, 2009.
3. Joseph E. Stiglitz, *Economics of the Public Sector*, W.W. Norton & Company, 3rd edition, 2000.
4. R.A. Musgrave and P.B. Musgrave, *Public Finance in Theory & Practice*, McGraw Hill Publications, 5th edition, 1989.
5. John Cullis and Philip Jones, *Public Finance and Public Choice*, Oxford University Press, 1st edition, 1998.
6. Harvey Rosen, *Public Finance*, McGraw Hill Publications, 7th edition, 2005.
7. Mahesh Purohit, *Value Added Tax: Experiences of India and Other Countries*, 2007.
5. Kaushik Basu and A. Maertens (ed.), *The New Oxford Companion to Economics in India*, Oxford University Press, 2013.
6. M.M. Sury, *Government Budgeting in India*, 1990.
7. Ghosh Ambar and Ghosh Chandana *Economics of the Public Sector*, PHI
8. Goode R. *Government Finance in Developing Countries*. Tata McGraw Hill

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Skill Enhancement Courses (SEC) offered by Economics Department

Skill Enhancement Course (SEC) I: Odisha Budget

Course Description

This course will familiarize the students the different concepts relating to budget. Further, it also will inform them the process of budget making and help them to understand different aspects of budget and their implications.

Course Outline

1. Basic Concepts

Basic concepts of budget, components of budget, classification of expenditures- revenue and capital expenditures, plan and non-plan; sources of receipts- revenue and capital receipts, tax and non-tax revenues, direct and indirect taxes. Types of deficits: budgetary deficit, fiscal deficit, revenue deficit and primary deficit.

2. The Budget-making Exercise in Odisha:

Pre-budget consultation, Role of legislatures in Budget Preparation, Budget cycle, Budget institutions, Critical issues in Budget Making in Odisha, Technicalities of Budget, Glimpse of some important Budget Documents, Advocating for a Participatory Budgeting, Role of media and civil society organisations in Participatory Budgeting, factors impeding the participatory budgeting.

3. Analysis of the Recent Odisha Budget

Annual Financial Statement, Demand for grants, Agricultural Budget, Statement of Odisha budget as per FRBM Act, trends and patterns of expenditure management, Public debt management, Developmental implications of the recent budget.

Reading List

1. Rosen Harvey, *Public Finance*. McGraw Hill
2. Budget Training Module for the Civil Society Organizations, CYSD,
<http://www.obac.in/Training%20module%20on%20State%20Budget%20and%20Its%20Process.pdf>
3. The recent Odisha Budget, available at
[http://www.odisha.gov.in/finance/Budget.asp?GL=Budget &PL=1&T](http://www.odisha.gov.in/finance/Budget.asp?GL=Budget&PL=1&T)
4. Due, John F and Friedlander, *Government Finance, The Economics of Public Sector*, Homewood, Ill. , R.D. Irwin, 1981, 7th Edition.
5. Atkinson and Stiglitz, *Lectures on Public Economics*, Princeton University Press.

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Skill Enhancement Course (SEC) II: DATA ANALYSIS

Course Description:

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.

Course Outline:

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. Estimation of population parameters from sample data. Unbiased estimators for population mean and variance.
6. Basics of index numbers: price and quantity index numbers.

Readings:

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

Signature