

1st Semester
Introductory Microeconomics
(C-1)

Course code: EC1.CC1
Credit: 4

Course description:

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

UNIT – 1: Exploring the Subject Matter of Economics

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

UNIT – II: Demand and Supply

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

UNIT – III: Consumer Theory

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

UNIT – IV: Costs and Revenue

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

UNIT – V: Market Structure

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

Reading List

Karl E. Case and Ray C. Fair, *Principles of Economics*, Pearson Education Inc., 8th Edition, 2007.
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.
Joseph E. Stiglitz and Carl E. Walsh, *Economics*, W.W. Norton & Company, Inc., New York, International Student Edition, 4th Edition, 2007.

2nd Semester

Introductory Macro Economics (C-3)

Course code: EC2.CC3
Credit: 4

Course Outline:

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

Unit –I: Introduction to Macroeconomics

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

Unit – II: Theories of Income and Employment.

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

Unit – III: Money

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

Unit – IV: Inflation

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

Unit -V. Balance of Payments

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

Reading List

Dornbusch, Fischer and Startz, *Macroeconomics*, McGraw Hill, 11th edition,2010.

N. Gregory Mankiw. *Macroeconomics*, Worth Publishers, 7th edition,2010.

Olivier Blanchard, *Macroeconomics*, Pearson Education, Inc., 5th edition,2009.

Richard T. Froyen, *Macroeconomics*, Pearson Education Asia, 2nd edition,2005.

Andrew B. Abel and Ben S. Bernanke, *Macroeconomics*, Pearson Education,Inc., 7th edition,2011.

Errol D’Souza, *Macroeconomics*, Pearson Education,2009.

Paul R. Krugman, Maurice Obstfeld and Marc Melitz, *International Economics*, Pearson Education Asia, 9th edition, 2012.

3rd Semester

Intermediate Microeconomics-1

(C- 5)

Course code: EC3.CC5
Credit: 4

Course Outline:

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

Unit-I: Consumer Theory I

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

Unit-II: Consumer Theory II

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

Unit-III: Production function

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

Unit -IV: Cost Theories

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

Unit-V: Labour Market

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

4th Semester

Intermediate Microeconomics – II (C-7)

Course code: EC4.CC7
Credit: 4

Course Description

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

Unit- I: Wages and Rent

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

Unit- II: Theories of Profits

Profits: innovation, risk, rent, dynamic and uncertainty

Unit- III: Welfare Economics

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

Unit- IV: Imperfect Market Structure

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

Unit- V: Market Failure

Meaning of Externalities, externalities in consumption and production, externalities and allocative inefficiency. Solutions to the externality problem - the Coase theorem; Public goods, Government intervention of public goods; Asymmetric information - complex contracts, principal-agent problem, hidden actions, owner manager relationships, moral hazards, adverse selection, signaling.

Reading List

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

C. Snyder and W. Nicholson, *Fundamentals of Microeconomics*, Cengage Learning (India), 2010.

5th Semester

Intermediate Macroeconomics-II

(C- 9)

Course code:EC5.CC9

Credit: 4

Course Description

This course is a sequel to Intermediate Macroeconomics I. In this course, the students are introduced to the long run dynamic issues like growth and technical progress. It also provides the micro-foundations to the various aggregative concepts used in the previous course.

Unit-I: Supply of Money

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

Unit- II: Post Keynesian Theories of Demand for Money

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

Unit- II: Monetary Policy

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

Unit-IV: Fiscal Policy

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

Unit- V: Banking Sector

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

Reading List

Dornbusch, Fischer and Startz, *Macroeconomics*, McGraw Hill, 11th edition,2010.

N. Gregory Mankiw. *Macroeconomics*, Worth Publishers, 7th edition,2010.

Olivier Blanchard, *Macroeconomics*, Pearson Education, Inc., 5th edition,2009.

Charles I. Jones, *Introduction to Economic Growth*, W.W. Norton & Company, 2nd edition,2002.

Andrew B. Abel and Ben S. Bernanke, *Macroeconomics*, Pearson Education, Inc., 7th edition,2011.

Errol. D'Souza, *Macroeconomics*, Pearson Education,2009.

Robert J. Gordon, *Macroeconomics*, Prentice-Hall India Limited,2011.

6th Semester

Development Economics – I (C- 12)

Course code: EC6.CC12
Credit: 4

Course Description

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

Unit – I: Concepts of Growth and Development

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

Unit – II: Theories of Economic Development

Adam Smith, Ricardo, Malthus and J. S. Mill; Karl Marx and Schumpeter; Development as freedom – A. Sen's view

Unit – III: Theories of Economic Growth

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

Unit – IV: Partial Theories of Growth and Development

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

Unit – V: Investment and Planning

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

Reading List:

Debraj Ray, *Development Economics*, Oxford University Press, 2009.

Partha Dasgupta, *Economics, A Very Short Introduction*, Oxford University Press, 2007.

Abhijit Banerjee, Roland Benabou and Dilip Mookerjee, *Understanding Poverty*, Oxford University Press, 2006.

Kaushik Basu, *The Oxford Companion to Economics in India*, OUP, 2007.

Amartya Sen, *Development as Freedom*, OUP, 2000.

Daron Acemoglu and James Robinson, *Economic Origins of Dictatorship and Democracy*, Cambridge University Press, 2006.

Robert Putnam, *Making Democracy Work: Civic Traditions in Modern Italy*, Princeton University Press, 1994