

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; production possibility frontier; economic systems.
- b. Demand and supply: law of demand, 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. Elasticity: price elasticity of demand, calculating elasticity, determinants of price elasticity, other elasticities.

2. Consumer Theory

Budget constraint, concept of utility, diminishing marginal utility, Diamond-water paradox, income and substitution effects; consumer choice: indifference curves, derivation of demand curve from indifference curve and budget constraint. Consumer surplus

3. Theory of 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.

4. Theory of 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, producer's surplus.

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

Syllabus for B.A. (Pass course)

Core and Discipline Specific Elective (DSE) Courses in Economics

Semester I
Core Economics I: Principles of Microeconomics-I
Semester III
Core Economics III: Principles of Macroeconomics-I
Semester V
Discipline Specific Elective I One of the following:
i. DSE 1: Economic Development and Policy in India-I
ii. DSE 2: Money and Banking
iii. DSE 3: Environmental Economics

Semester I

Core Economics I: Principles of Microeconomics-I

Course Description

industry supply curve: increasing, decreasing and constant cost industries.

Economics, Pearson Education, Inc., 8th edition, 2007.

Readings:

Case, Karl E. & Ray C. Fair, *Principles of*

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Semester II

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. Theory of Monopoly

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; natural monopoly.

2. Imperfect Competition

Concept of Imperfect competition; Assumptions, SR & LR price and output determinations under monopolistic competition, economic efficiency and resource allocation; oligopoly: meaning, assumptions and forms.

3. Markets and Market Failure

Externalities, marginal cost pricing, internalising externalities, public goods; imperfect information:

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adverse selection, moral hazard, social choice, government inefficiency. Market adjustment to changes in demand, efficiency of perfect competition; sources of market failure: imperfect markets, public goods, externalities, imperfect information; evaluating the market mechanism.

4. 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.

5. Welfare Economics

Meaning, nature, Pigou, Pareto, social welfare, Critique of welfare economics **Readings:**

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

Core Economics III: Principles of Macroeconomics-I

Course Description

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

Course Outline

1. Introduction

Nature and scope of macroeconomics. key macroeconomic variables, circular flow of income (Two sector and three sector models)

2. National Income Accounting

Concepts of GDP and National Income; measurement of national income and related aggregates; nominal and real income; limitations of the GDP concept.

3. Determination of GDP

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

4. National Income Determination in an Open Economy with Government Fiscal Policy:

impact of changes in government expenditure and taxes; net exports function; net exports and equilibrium national income.

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, Page | 6

2007.

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

Balance of payments: current account and capital account; market for foreign exchange; determination of exchange rate.

5. International trade

Absolute advantage, comparative advantage, terms of trade, sources of comparative advantage, trade barriers, free trade vs protectionism

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Semester IV

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.

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

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. Balance of Payments and Exchange Rate

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Semester V

Discipline Specific Elective I

One of the following:

DSE 1: Economic Development and Policy in India–I

Course Description

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

Course Outline

1. Issues in Growth, Development and Sustainability

Development initiative and growth in India since independence.

2. Factors in Development

Capital formation (Physical and Human); technology; institutions.

3. Population and Economic Development

Demographic trends; rural-urban composition, demographic dividend

4. Employment

Occupational structure in the organised and the unorganised sectors; open, under and disguised unemployment (rural and urban); employment schemes and their impact.

5. Indian Development Experience

Critical evaluation of growth, inequality, poverty and competitiveness, pre and post reforms era; savings

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DSE 2: Money and Banking:

and investment; mobilisation of internal and external finance; monetary and fiscal policies; centre-state financial relations.

Readings:

1. Michael P Todaro and Stephen Smith. *Economic Development*, Pearson, 11th edition (2011).
2. Uma Kapila, *Indian Economy since Independence*, Academic Foundation, 19th edition (2009).
3. United Nations Development Programme, *Human Development Report 2010*, Palgrave Macmillan (2010).
4. . Government of India, *Economic Survey* (latest)
5. Government of India, *Five Year Plan* (latest)
6. Government of India, *Finance Commission Report* (latest)

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.

2. Financial institutions, markets, instruments and financial innovations

Role of financial markets and institutions, money and capital markets- organization and structure, instruments of money and capital markets

3. Interest rates

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

4. Banking system

Balance sheet and portfolio management, Indian Banking system, changing role and structure;

banking sector reforms

5. Central Banking and Monetary Policy

Functions, balance sheet, goals, targets, indicators and instruments of monetary control, monetary management in an open economy; current monetary policy of India

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. L. M. Bhole and J. Mahukud, *Financial Institutions and Markets*, Tata McGraw Hill, 5th edition, 2011.
4. M. Y. Khan, *Indian Financial System*, Tata McGraw Hill, 7th edition, 2011.
5. Various latest issues of R.B.I. Bulletins, Annual Reports, Reports on Currency and Finance and Reports of the Working Group, IMF Staff Papers.

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DSE 3: Environmental Economics:

Course Description

This course introduces students to concepts, methods and policy options in managing the environment using tools of economic analysis.

This course should be accessible to anyone with an analytical mind and familiarity with basic concepts of economics. Since several environmental problems are caused by economic activity (for instance, carbon emissions, over-harvesting of renewable resources and air and water pollution as a by-product of industrial activity), this course examines different approaches to adjusting behaviour through economic institutions such as markets and incentives as well as through regulation, etc. It also addresses the economic implications of environmental policies through practical applications of methods for valuation of environmental goods and services and

quantification of environmental damages.

Conversely, the impact of economic growth on the environment is also addressed under the rubric of sustainable development. Environmental problems and issues from the Indian and international context (especially global warming) are used to illustrate the concepts and methods presented in the course. The course will be useful for students aiming towards careers in the government sector, policy analysis, business, journalism and international organisations.

Course Outline

1. Introduction

Key environmental issues and problems, economic way of thinking about these problems, Pareto optimality and market failure in the presence of externalities; property rights and other approaches.

2. The Design and Implementation of Environmental Policy

Overview, Pigouvian taxes and effluent fees, tradable permits, implementation of environmental policies in India and international experience;

3. Environmental Valuation Methods and

Applications

Valuation of non-market goods and services--theory and practice; measurement methods; cost-benefit analysis of environmental policies and regulations.

4. Sustainable Development

Concepts; measurement; perspectives from Indian experience.

5. Global climate change

Global warming, ozone depletion , trans-boundary environmental problems.

Readings

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

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(forthcoming 2014).

Semester VI

Discipline Specific Elective II

One of the following:

DSE 4: Economic Development and Policy in India II

Course Description

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

Course Outline

1: Performance of Agricultural Sector

Production and productivity; credit; labour; markets

2. Policy Issues in Indian Agriculture

Land reforms; regional variations. Agricultural pricing, National Agricultural Policy

3.Industrial Performance in India

Production trends; small scale industries; public sector; foreign investment.

4. Industrial Policy

Indian Industrial Policy since independence

5 Foreign Trade: Trends and Policies

Balance of trade and balance of payments; India and the World Trade Organisation.

Readings:

1. Uma Kapila, *Indian Economy since Independence*, Academic Foundation, 19th edition (2009).
2. Government of India, *Economic Survey* (latest)
3. Government of India, *Five Year Plan* (latest)

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DSE 5: Economic History of India 1857-1947

Course Description

This course analyses key aspects of Indian

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

Course outline

1. Introduction: Colonial India: Background and Introduction

Overview of colonial economy.

2. Macro Trends

National Income; population; occupational structure.

3. Agriculture

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

4. Railways and Industry

Railways; the de-industrialisation debate; evolution of entrepreneurial and industrial structure; nature of industrialisation in the interwar period; constraints to industrial breakthrough.

5. Economy and State in the Imperial Context

The imperial priorities and the Indian economy; drain of wealth; international trade, capital flows and the colonial economy – changes and continuities.

Readings:

1. Lakshmi Subramanian, "History of India 1707-1857", Orient Blackswan, 2010, Chapter 4.
2. Sumit Guha, 1991, 'Mortality decline in early 20th century India', *Indian Economic and Social History Review (IESHR)*, pp 371-74 and 385-87.
3. Tirthankar Roy, *The Economic History of India 1857-1947*, Oxford University Press, 3rd edition, 2011.

4. J. Krishnamurty, *Occupational Structure*, Dharma Kumar (editor), *The Cambridge Economic History of India*, Vol. II, (henceforth referred to as CEHI), 2005, Chapter 5.
5. Irfan Habib, *Indian Economy 1858-1914*, A People's History of India, Vol.28, Tulika, 2006.

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6. Ira Klein, 1984, "When Rains Fail: Famine relief and mortality in British India", *IESHR* 21.
7. Jean Dreze, *Famine Prevention in India in Dreze and Sen (eds.) Political Economy of Hunger*, WIDER Studies in Development Economics, 1990, pp.13-
8. John Hurd, *Railways*, CEHI, Chapter 8, pp.737-761.
9. Rajat Ray (ed.), *Entrepreneurship and Industry in India*, 1994.
 - a. AK Bagchi, "Deindustrialization in India in the nineteenth century: 10. Some theoretical implications", *Journal of Development Studies*, 1976.
 11. MD Morris, *Emergence of an Industrial Labour Force in India*, OUP 1965, Chapter 11, Summary and Conclusions.
 12. K.N. Chaudhuri, *Foreign Trade and Balance of Payments*, CEHI, Chapter 10.
 13. B.R. Tomlison, 1975, *India and the British Empire 1880-1935*, IESHR, Vol.XII.
 14. Dharma Kumar, *The Fiscal System*, CEHI, Chapter 12.
 15. Basudev Chatterjee, *Trade, Tariffs and Empire*,

OUP 1992, Epilogue. Background reading for

students:

1. Irfan Habib, *Indian Economy 1858-1914* (A People's History of India), Vol.28, Tulika 2006.
2. Daniel Thorner, *Agrarian Prospect in India*, 1977.

DSE 6: Public Finance

Course Description

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

Course Outline

1. Basic Concepts

Nature, significance and scope of public finance-allocation, stabilization and distribution functions, Role of Public Finance in developing economy;

2: Public Revenue and Expenditure

Different sources of Public Revenue- direct tax and indirect tax, incidence of taxation, Classification of Public Expenditure; significance of public expenditure in modern state; effects of public expenditure on production, distribution and unemployment

3. Principles of taxation

Benefit Principle, Ability-to-pay principle, Tax systems, Progressive, regressive and proportional

4. Public Debt

Sources of Public Debt--Internal and External Debt; Burden of Public Debt; Redemption of Public Debt; Debt Trap; Role of Public Debt with special reference to developing Countries.

5. Government Budget and Public Finance in India

Revenue account and capital account of a budget with an illustration from last Union Budget-Role of Finance Commission in India (Study of latest Finance Commission's Recommendations)

Readings

1. Musgrave, R.A. and P.B. Musgrave, *Public Finance in Theory and Practice*, McGraw
2. Hill, 1989.
3. Mahesh Purohit , “*Value Added Tax: Experience of India and Other Countries*”,
4. Gayatri Publications, 2007.
5. Kaushik Basu, and A. Maertens (ed.), *The Oxford Companion to Economics*

inIndia,

6. Oxford University Press, 2007.

7. M.M Sury, Government Budgeting in India, Commonwealth Publishers, 1990. 8. Shankar Acharya, "Thirty years of tax reform" in India, *Economic and Political Weekly*, May 2005.

9. Government of India, *Report of the 13th Finance Commission*. 10. *Economic Survey*, Government of India (latest).

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

Semester III

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 and bivariate frequency distributions

Measures of central tendency: mean, median and

mode; arithmetic, geometric and harmonic mean; measures of dispersion, skewness and kurtosis.; correlation and regression.; rank correlation.

3. 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.

4. Estimation Of Population Parameters from Sample Data.

Unbiased estimators for population mean and variance.

5. Basics of index numbers

Price and quantity index numbers. Laspeyre's, Paasche's and Fisher's Indices

Note: This paper is common for both Honours and Pass course. However, for Pass course emphasis should be given on basic/elementary level concepts.

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).

Semester IV

Skill Enhancement Course (SEC)-II: Understanding the Economic Survey and Union Budget

Course description

The course seeks to familiarize the students with basic concepts related to some contemporary

economic issues. Its aim is to equip the students with sufficient knowledge and skills so as to understand media discussions, and to critically analyze contemporary issues that figure in high-profile government documents, in particular the Economic Survey and the Union Budget. Such capability is necessary to understand government policies and also to increase people's participation in economic decision-making. The emphasis in the course will be on conceptual understanding, not data.

Course outline

1. Fiscal Policy in India

Need for government spending, areas of government spending;

2. Government expenditure

Composition and trends-Capital expenditure, revenue expenditure, plan expenditure, non-plan expenditure.

3. Sources of Government Revenue

Capital receipts, revenue receipts, tax and non-tax revenue, direct and indirect taxes; trends therein; need to rationalize tax structure- Goods and Services Tax (GST)

4. Deficits
Understanding the concepts of fiscal deficit, primary deficit and revenue deficit, impact of fiscal deficit on economy, need to control fiscal deficits.

5 Economic Survey

Actual, Revised Estimates and Budget Estimates of receipts and expenditure (as per latest economic survey); Fiscal devolution and centre-state financial relations in India, important challenges/ objectives of fiscal policy as outlined in the latest economic survey.

5. The Union Budget

Need for the Budget, Understanding the process of budget making in India, The thrust areas of the budget; areas / sectors which have received higher or lower share of expenditure, reasons and consequences thereof; steps proposed to ensure effective spending.

Note: This paper is common for both Honours and Pass course. However, for Pass course emphasis should be given on basic/elementary level concepts.

Readings:

1. Economic Survey (latest), Government of India, Ministry of Finance. Full chapter (excluding boxed items) on 'Economic Outlook, Prospects, and Policy Challenges' and 'Fiscal Framework'. Other selections to be determined each year.
2. 'Understanding the Budget Concepts and Terminologies', Centre for Budget and Governance Accountability
3. <http://www.cbgaindia.org/files/documents/Understanding%20the%20Budget%20Concepts%20and%20Terminologies.pdf>
4. The Key to Budget Documents, Budget At A Glance, Macroeconomic Framework Statement, Medium Term Fiscal Policy Statement and Fiscal Policy Strategy Statement, all available at indiabudget.nic.in.
5. Economic and Social Classification of the Budget, available at <http://finmin.nic.in/reports/FunClass201415.pdf>.
6. <http://www.unionbudget.nic.in/ub2016-17/bh/bh1.pdf> (For Budget 2016-17 highlights)
7. Pranab Mukherjee (2012), "Budget Making", in K. Basu and A. Maertens (eds), The New Oxford Companion to Economics in India, OUP.
8. Dipak Dasgupta and Supriyo De (2012), "Fiscal Deficit", in Basu and Maertens.
9. Uma Kapila (2016), "Fiscal and Budgetary Developments", in Indian Economy Since Independence, Academic Foundation, latest edition.
10. Y V Reddy (2015), "Continuity, Change and The Way Forward: Fourteenth Finance

Commission”, EPW Vol. 50, Issue No. 21, 23 May, 2015

11. 14th Finance Commission

Report.<http://finmin.nic.in/14fincomm/14thFinanceCommission.htm>

12. Chakraborty, Pinaki (2015)

“Intergovernmental Fiscal Transfers in India:

Emerging Trends and Realities” in P. Patnaik

(ed), Economics Volume 3: Macroeconomics,

Oxford University Press India.

13. Mukherjee, Sacchidananda (2015). “Present

State of Goods and Services Tax (GST) Reform in

India,” Working Paper No. 2015-154 (September

2015), National Institute of Public Finance and

Policy, New Delhi.

14. M.R. Spiegel (2003), Theory and Problems of

Probability and Statistics, ch.19.