CHRIST UNIVERSITY
HOSUR ROAD, BANGALORE-29

DEPARTMENT OF ECONOMICS

CHOICE-BASED MA ECONOMICS
2015-2016

PHILOSOPHY AND OBJECTIVE OF THE CHOICE-BASED MA ECONOMICS PROGRAMME

The choice-based MA Economics programme of the Department of Economics in Christ University aims to form ethically well-grounded students with the ability for incisive reasoning, deep knowledge of economic theory and skill in empirical methodology. The course seeks to strike a sound balance between theory and application along with an interdisciplinary dimension and without diminishing the focus on economics. This approach is meant to help students face the dynamic challenges in terms of the market and academics. In line with this approach the programme has a combination of papers related to economic theory, methodology and two streams of specialisations which, on the one hand meet the needs of corporate employment and on the other create the ability of applying economic theory to development problems of the country. More specifically students will be equipped to take up careers in academics, teaching, business consulting and analytics, civil society and activist organisations, the public sector, government services and international civil services.

The Choice –based Post Graduate Course in Economics will groom the students to acquire

1. A sound conceptual knowledge base necessary to fulfil the role of expert in economics conscious of the broad issues of society and governance
2. The capability to explain basic estimators and their properties, test hypotheses, estimate economic models, forecast, and interpret policy related data
3. Familiarity with quantitative analysis in explaining the economic theories that underlie social policies and in applying economic theory to significant social, economic, and political problems
4. The capacity to formulate and answer empirically any original question in the various sub fields of economics
5. A thorough mastery of a specific area of specialization sufficient to present a specialist profile
6. Ability to conduct a significant piece of research by evaluating existing literature and by also collecting, interpreting, manipulating and analysing data
7. The ability to communicate clearly in speech and writing to disseminate the research findings to a variety of audiences including business professionals, economists, policy makers, and the public at large
8. The ability to adapt in a professional context: flexibility and capacity for lifelong learning.
9. The ability to apply what has been learned in a wider context of open macro economies
10. The ability to work effectively with others in a multi-cultural environment

COURSE STRUCTURE, CHOICE-BASED MA ECONOMICS, 2015-16

TRIMESTER I

Course	Title	Hours / Week	Marks	Credits
MAEC 111	Microeconomic theory and applications	4	100	4
MAEC 112	Statistics and computer applications	4	100	4
MAEC 113	Advanced Mathematical Economics	4	100	4
	TOTAL	**12**		**12**

TRIMESTER II

Course	Title	Hours / Week	Marks	Credits
MAEC 211	Macroeconomic theory and policy	4	100	4
MAEC 212	Applied Econometrics	4	100	4
ELECTIVES				
MAEC 213	Economics of Banking and Insurance	3	100	4
	TOTAL	**11**		**12**

TRIMESTER III

Course	Title	Hours / Week	Marks	Credits
MAEC 311	Research Methodology for Applied Economics	4	100	4
MAEC 312	Economics of Growth and Development	4	100	4
ELECTIVES				
MAEC 313	Economics of Labor Market	3	100	4
	TOTAL	**12**		**12**

TRIMESTER IV

Course	Title	Hours / Week	Marks	Credits
MAEC 411	International Economics – Theory and Policy	4	100	4
MAEC 412	Public Finance and Policy	4	100	4
ELECTIVES				
MAEC 413	Economics of Industrial Organization	3	100	4
	TOTAL	**12**		**12**

TRIMESTER V

Course	Title	Hours / Week	Marks	Credits
MAEC 511	Operations Research	4	100	4
MAEC 512	Applied Financial Economics	4	100	4
ELECTIVES				
MAEC 513	Economics of Gender	3	100	4
	TOTAL	**12**		**12**

TRIMESTER VI

Course	Title	Hours / Week	Marks	Credits
MAEC 611	Dissertation	4	100	4
ELECTIVES				
MAEC 612	International Finance	3	100	4
MAEC 613	Regional and Urban Economics	3		
	TOTAL	**12**		**12**

TRIMESTER I

MICROECONOMIC THEORY AND APPLICATIONS
MAEC 111

Objectives: **60 Hrs**

The main objective of the paper is to introduce both traditional and as well as modern ideas and theoretical concepts in micro economics. Another important objective is to provide a fundamental understanding of market theory, theory of factor pricing, theory of general equilibrium and welfare economics.

Module 1: Demand Analysis **12 Hrs**

Basic Economic Problem — Choice and Scarcity; Deductive and Inductive Methods of Analysis; Positive and Normative Economics; Economic Models; Characteristics of Equilibrium and Disequilibrium Systems, Elasticities (price, cross, income) of demand — theoretical aspects and empirical estimation; elasticity of supply; Theories of demand — utility; indifference curve (income and substitution effects, Slutsky theorem, compensated demand curve) and their applications; Revealed preference theory; Linear Expenditure System; Indirect utility functions (duality theory); Consumer's surplus;

Module 2: Theory of Production and Costs **10 Hrs**

Production function — short period and long period; law of variable proportions and returns to scale; Isoquants — Least cost combination of inputs; Returns to factors; Economies of scale; Multi-product firm; Elasticity of substitution; Euler's theorem; Technical progress and production function; Cobb-Douglas, CES, VES and Translog production functions and their properties; Empirical work on production functions; Traditional and modern theories of costs — Derivation of cost functions from production functions; derived demand for factors.

Module 3: Price and Output Determination **15 Hrs**

Marginal analysis as an approach to price and output determination: perfect competition — short run and long run equilibrium of the firm and industry, price and output determination, supply curve; Monopoly — short run and long run equilibrium, price discrimination, welfare aspects, monopoly control and regulation; Monopolistic competition — general and Chamberlin approaches to equilibrium, equilibrium of the firm and the group with product differentiation and selling costs, excess capacity under monopolistic and imperfect competition, criticism of monopolistic competition; Oligopoly — Non-collusive (Cournot, Bertrand, Edgeworth, Chamberlin, kinked demand curve and Stackelberg's solution) and collusive (Cartels and mergers, price leadership and basing point price system) models; Price and output determination under monopsony and bilateral monopoly;

Module 5: Distribution **07 Hrs**

Neo-classical approach — Marginal productivity theory; Product Exhaustion Theorem; Elasticity of technical substitution, technical progress and factor shares; Theory of distribution in imperfect product and factor markets;

Module 6: General Equilibrium **08 Hrs**

Partial and general equilibrium; Walrasian excess demand and input-output approaches to general equilibrium, existence, stability and uniqueness of equilibrium and general equilibrium, coalitions and monopolies;

Module 7: Welfare Economics **08 Hrs**

Pigovian welfare economics; Pareto optimal conditions; Edgeworth Box; Value judgement; Social welfare function; Compensation principle; Inability to obtain optimum welfare — Imperfections, market failure, decreasing costs, uncertainty and non-existent and incomplete markets; Theory of Second Best — Arrow's impossibility theorem;

References:

1. Pindyck & Rubinfeld, *Micro Economics,* Prentice Hall, India.
2. Koutsoyiannis, *Modern Micro Economics,* ELBS, Macmillan.
3. Hal R Varian, *Intermediate Micro Economics – A Modern Approach,* (3rd Ed) Affiliated East West Press.
4. Chauhan S P S, *Microeconomics – An Advanced Treatise,* PHI Learning Private Limited, New Delhi, 2009.
5. H L Ahuja *Advanced Economic Theory – Microeconomic Analysis,* S. Chand.

STATISTICS AND COMPUTER APPLICATIONS
MAEC 112

Objectives: **60 Hrs**

The objective of the paper is to make students familiar with theory and application of statistical methods. This course covers the statistical foundations of data analysis including the statistical theory and its applications in Economics. In particular, this module broadly covers the descriptive statistics, theory of probability, statistical distributions, estimation and hypothesis testing, and non-parametric tests. The specific objectives are as follows:

1. *Emphasis is on application (including analysis and interpretation) rather than theoretical derivations. The idea is to impart training on how to make an argument with data*
2. *To provide an understanding of the concepts and methods of Statistics, for application in data analysis*
3. *To get statistical skill required for the analysis of socio-economic data*
4. *To provide hands-on training in data analysis (along with computer applications)*

UNIT1: Descriptive Statistics **05 Hrs**

Mean, Median, Mode, Geometric Mean and Harmonic Mean-Partition Values-Measures of Dispersion –Absolute and Relative Measures of Dispersion, Mean Deviation, Standard Deviation, Coefficient of Variation, Lorenze Curve, Moments, Skewness and Kurtosis-SPSS,EXCEL Applications

UNIT2: Probability Theory **15 Hrs**

Concept of probability-conditional probability and Bayes' theorem, random variables – discrete and continuous, density and distribution functions, joint, marginal and conditional distribution, moment generating function, law of large numbers and Central Limit theorem-Theory of Distribution -Discrete versus continuous distribution, uniform, binomial, negative binomial, Poisson, geometric and hyper-geometric, normal, log-normal, exponential, gamma and beta distribution, characteristic function -Sampling Methods and Sampling distributions Simple random sampling: with and without replacement, stratified random sampling, probability and non-probability sampling, statistic and sample moments, sampling distributions: Student's-t, Chi-square and F-distribution, determinants of sample size - SPSS,EXCEL Applications

UNIT3: Theory of Estimation **10 Hrs**

Point and interval estimation, properties of good estimators: Unbiasedness, consistency, efficiency, different methods of estimation, maximum likelihood and method of moment estimation, properties of maximum likelihood and method of moment estimators, confidence interval for unknown parameters - SPSS,EXCEL Applications

UNIT4: Hypothesis Testing **15 Hrs**

Statistical hypothesis, simple versus composite hypothesis, critical region, types and size of error – type-I and type-II error, power of a test, Neyman-Pearson lemma, trinity of classical tests (Wald test, Lagrange multiplier, likelihood ratio), application of hypothesis testing with known

and unknown variances, Chi-square test for testing independence of two-classification criteria, test for correlation Parametric and Non parametric tests ANOVA Interactional effects Multivariate Analysis of variance (MANOVA) Analysis of covariance (MANCOVA) Non-parametric Tests Chi- square test Test of goodness of fit Kolmograv Smirnov Test- Krushal wallis test of one way ANOVA Mann Whitney U test- Sign test- kendall's coeffecients of concordance - Turkey s HSD tests Duncan s Multi-range test Friedman two analysis- SPSS, EXCEL Applications

UNIT 5: Correlation and Regression **10 Hrs**

Correlation Analysis: Meaning - Types of correlation - Methods of studying correlation: Scatter diagram method, Graphic method, Karl Pearsons co-efficient of correlation, Rank method, Concurrent deviation method, and Method of least squares- The Coefficient of Determination-Testing the Significance of the Correlation Coefficient-Partial and multiple correlations Regression Analysis - Least Squares Principle- The Standard Error of Estimate- Assumptions Underlying Linear Regression-Multiple regression- Index Numbers: meaning and importance – problems in the construction of index numbers – Types of index numbers: price index – quantity index – value index – construction of price index numbers: unweighted and weighted indices – construction of quantity and value indices - tests of adequacy of index number formulae – deflating; Consumer Price Index Number: meaning and uses – problems in the construction of cost of living index number – methods of constructing cost of living index: aggregate expenditure and family budget methods – limitations of index numbers- software Applications-SPSS,EXCEL Applications

UNIT 6: Time Series Analysis **05 Hrs**

Concept and components – Trend Projection – Moving Averages method-Least square method-construction of Seasonal indices- Index Numbers – concept – price, quantity and value relations – Laspeyer's, Paasche's and Fisher's Index Numbers; Time and factor reversal tests; Problems in construction of Index Numbers, Tests for Ideal Index Numbers- SPSS,EXCEL Applications

References:

1. Speigal. M.R.(1992), Theory and Problems of Statistics, McGraw Hill, London.
2. Monga,G.S.(1972), Mathematics and Statistics for Economists,Vikas Publications, NewDelhi.
3. Yamane, Taro (1975), Mathematics for Economists, PHI, New Delhi.
4. Anderson, Sweeny & Williams, Statistics for Business and Economics
5. Murray S. Speigel, Statistics, Schaum Series
6. Nabendu Pal & Sahadeb Sarkar, Statistics Concepts and applications

ADVANCED MATHEMATICAL ECONOMICS
MAEC 113

Objectives: **60 Hrs**

The main objectives of the paper are to train the students to grasp the use of mathematical techniques and operations to analyse economic problems and to initiate students into various economic concepts which are amenable to mathematical treatment.

UNIT 1: Introduction to Mathematical Economics -Equilibrium (Or Static) Analysis10Hrs

Equilibrium analysis in Economics-Definition of equilibrium-Solution of equilibrium- Single vs. multiple equilibrium-Partial vs. general equilibrium. Application: single vs. multiple commodity markets-Linear Models and Matrix Algebra -Matrix algebra with special emphasis on Cramer's rule- Applications: multiple commodity markets- Heckscher-Ohlin model-COMPARATIVE STATIC ANALISYS- Review of comparative static analysis using IS-LM model- Alternative approaches- Application: Mundell-Fleming model (IS-LM with small open economy

UNIT 2: Unconstraint Optimization Problems **20 Hrs**

Optimization of functions of one variable -Main concepts- First-derivative test or first order conditions- Second-derivative or second order conditions (sufficient conditions) Applications: Profit maximization (one product) under: - perfect competition - monopoly. - Cournot competition (duopoly)- Optimization of functions of more than one variable- The differential version of optimization conditions- Extreme values of function of two variables and comparative static aspect of optimization- Application: Profit maximization (two products) under perfect competition- extreme values of function of n variables. Applications: i) Monopolist selling in segmented markets

UNIT 3: Constraint Optimization Problems **15 Hrs**

Lagrange-multiplier method-First-derivative test or first order conditions-Second-derivative or second order conditions. Applications: Utility maximization and consumer demand (two goods, one period)-Utility maximization and consumer demand (one goods, two periods)- perfect access to international capital markets.-financial autarky. Welfare implications

UNIT 4: Further Topics in Optimization **15 Hrs**

Uncertainty and consumption under capital markets imperfections- Applications: Utility maximization and consumption under uncertainty of output path and incomplete markets. Certainty equivalence and precautionary savings- Multiple agents optimization- Application: Optimal taxation. Exogenous government spending- Benevolent government

References:

1. Edward Dowling (2000), Introduction to Mathematical Economics, McGraw Hill Ltd, NewDelhi.
2. Chiang, Wainwright, Kevin (2005), Fundamental Methods of Economics, McGraw Hill Ltd, NewDelhi.

3. Allen R G D (1974).Mathematical Analysis for Economists, Mc Millan Press and ELBS, London.
4. Allen R G D (1967). Macroeconomic Theory, Mc Millan Co., Ltd.,.
5. Chiang A C (1986). Fundamental Methods of Mathematical Economics, Mc Graw Hill,
6. New York.
7. Koutsoyiannis A. (1979). Modern microeconomics, 2nd ed, ELBS with Mc Millan.
8. 7. Mona G S. (1996) Mathematics and Statistics for Economics, Vikas Publishing House Pvt. Ltd., Delhi.
9. Yamane, Taro (1975) Mathematics for Economists, Prentice Hall of India, New Delhi.
10. Mehta-Madnani (2005) Mathematics for Economists, Sultan Chand and Sons, New Delhi.
11. Eugene Diulio, Macroeconomics, Schaum‘s Outlines, Mc Graw Hill.

TRIMESTER II

MACROECONOMIC THEORY AND POLICY
MAEC 211

Objectives: **60 Hrs**

This paper aims at strengthening the knowledge of important macroeconomic variables and their role in determining the equilibrium level of output and employment and provides insights into factors influencing the capital inflows and outflows in an open economy model. It helps the students to understand the theoretical foundation of macroeconomics and the contribution of different schools of thought to the further development of macroeconomics. The students will be able to critically evaluate the consequences of basic macroeconomic policy options under differing economic conditions.

UNIT 1: Introduction to Macroeconomics **09 Hrs**

The development of macroeconomics- Actual and potential output-GNP identity on the product, income and disposition side-The government sector and foreign sector-The saving investment balance-Planned and realized investment-The tax, consumption and saving function-Determination of equilibrium income-Derivation of the expenditure multiplier.

UNIT 2: Demand side and Supply side Equilibrium **15 Hrs**

Real and monetary theories of the rate of interest-Liquidity preference and loanable funds theories of interest- The term structure of interest rates: Pure Expectations Theory-Pure segmentation theory-Equilibrium income and the interest rate determination in the product market- Equilibrium income and the interest rate determination in the money market- Derivation of IS and LM curves-Shift in IS and LM curves-Simultaneous equilibrium-The Taylor Rule and the TR Curve-Fiscal and monetary policy effects on demand-Interaction of monetary and fiscal policies-Equilibrium in the labour market-Aggregate supply in the short run and long run-Supply side disturbances and reactions-Demand side disturbances and reactions-Determination of equilibrium income, employment, rate of interest and price level.

UNIT 3: Consumption, Saving and Investment **13 Hrs**

Cross sections, Cycles and Trends- Keynes and the consumption function-Life cycle hypothesis-Absolute income hypothesis, Permanent income hypothesis- Robert Hall and Random Walk Hypothesis- Choice structure and disequilibrium-The MPS model-The wealth effect in the static model-The present value criterion for investment-The marginal efficiency of investment-Investment demand and output growth-The accelerator principle and stabilization policy-Lags in investment demand-Stability and slope of the IS curve.

UNIT 4: Monetary and Fiscal Policy **10 Hrs**

The instruments of monetary policy-The mechanism of monetary expansion- money growth targeting and inflation targeting -The effects of fiscal policy changes-Three ranges of LM curve-The effectiveness of monetary and fiscal policy: Monetarists and Fiscalists-Tax rate changes and the budget deficit-Fiscal stimulus and deficit financing- macroeconomic policies in advanced and emerging economies.

UNIT 5: The External Sector Equilibrium **13 Hrs**

The current account and product market equilibrium-The capital account and balance of payments equilibrium-Balance of payment adjustment and the LM curve-Balance of payment adjustment policy with fixed and flexible exchange rates-The domestic economy as a price taker-The Reappraisal model of the foundations of macroeconomics-Microeconomic foundations for the Reappraisal model-The complete model-The model in a small open economy-The importance of time and the future-Comparative statics, Multipliers and Dynamics.

Course Text:

William.H.Branson (2005). Macroeconomic Theory and Policy, Third Edition, All India Traveller Book Seller Publishers, New Delhi.

References:

1. N. Gregory Mankiw. (2012). Macroeconomics. 8th Edition, Worth Publishers.
2. Dornbusch, Fischer, Startz. (2010). Macroeconomics. 11th Edition, Tata Mc Graw Hill.
3. Graeme Chamberline & Linda Yueh (2006). Thomson Learning.
4. Burda and Wyplosz (2009). Macroeconomics: A European Text, Fifth Edition, Oxford University Press, New York.
5. M. Maria John Kennedy (2011). Macroeconomic Theory, PHI Learning Private Limited, New Delhi.
6. H.L.Ahuja. (2012). Macroeconomics:Theory and Policy. 18th Revised Edition, Sultan Chand Publishers.
7. D.N. Dwivedi. (2005). Macroeconomics:Theory and Policy. 2nd Edition, Tata Mc Graw Hill Education.
8. Levacic and Rebman. (1982). Macro Economics:An Introduction to Keynesian and Neo-Classical Controversies. 2nd Edition, Macmillan Publishers.
9. Brain Snowdown, Howard Vane and Peter Wynarczyk. (1995). A Modern Guide to Macro Economics: An Introduction to Competing School of Thought, Edward Elgar Publishing.
10. Edward Shapiro. (2011). Macroeconomic Analysis. 5th Edition, Galgotia Publication Ltd.
11. Ackley.G. (1978). Macroeconomics: Theory and Policy, Macmillan, NewYork.

APPLIED ECONOMETRICS
MAEC 212

Objectives: **60 Hrs**

This course covers time series and panel data econometrics with focus on applications in the field of macroeconomics and international finance. We will cover univariate and multivariate models of stationary and non-stationary time series in the time domain. The goals of the course are threefold: (1) develop a comprehensive set of tools and techniques for analyzing various forms of univariate and multivariate time series, and for understanding the current literature in applied time series econometrics; (2) survey some of the current research topics in applied time series econometrics; (3) assist students in getting comfortable with applied time series models and panel data models through EVIEWS and STATA statistical packages to manage and analyze data.

UNIT 1: Stationarity Univariate Models **06 Hrs**

Stochastic processes - Properties of stochastic process. Time series as a discrete stochastic process– Stationarity- Characteristics of stochastic component of time series (mean, autocovariation and autocorrelation functions). Lag operator- Unit root tests - Deterministic and stochastic trend models-Augmented Dickey Fuller test – Phillips-Perron test-Estimation and testing.

UNIT 2: Simultaneous Equation Models **10 Hrs**

Dynamic simultaneous equations models- Granger representation theorem -Granger causality test - Vector Auto Regressive (VAR) models-Impulse Response Function (IRF)-Variance Decomposition Analysis - Structural Vector Auto Regressive (SVAR) models– Testing for cointegration – Engle and Granger (1987) and Johansen and Juselius (1990)-Vector error correction models (VECMs)-Estimation and Diagnostic Checking.

UNIT 3: Conditional Variance Models **08 Hrs**

Volatility Clustering- Leverage Effects- Modeling Volatility- AutoRegressive Conditional Heteroscedasticity (ARCH) Model- Generalised AutoRegressive Conditional Heteroscedasticity (GARCH) Model - Extensions to GARCH-Exponential GARCH and Threshold GARCH models.

UNIT 4: Panel Data Models **06 Hrs**

Introduction to Panel Data - Types of panels- Balanced and Unbalanced Panel Data-Benefits and drawbacks of longitudinal data. Basic models-Pooled OLS-Fixed effects-Random effects Model-Estimation and testing- Fixed vs Random Effects Model -Hausman specification test.

References:

1. Kerry Patterson, An Introduction to Applied Econometrics: A Time Series Approach Palgrave Macmillan, 2000.
2. *Walter Enders*, Applied Econometric *Time Series*. New York: John Wiley & Sons, Inc., 1995.
3. Chris Brooks, Introductory Econometrics to Finance - Cambridge University Press, 2002

4. B. H. Baltagi, Econometric Analysis of Panel Data, 4th ed., John Wiley, New York, 2008.
5. J.D. Hamilton, Time Series Analysis, Princeton, NJ: Princeton University Press, 1994.
6. W. Greene, Econometric Analysis, Macmillan, 1993.
7. R.A. Johnson, and D.W. Wichern, Applied Multivariate Statistical Analysis, Prentice Hall, 1988.

ECONOMICS OF BANKING AND INSURANCE
MAEC 213

Objectives: **45 Hrs**

This paper is designed to prepare the students with training in theoretical and practical aspects of Banking and Insurance Science. It also equip them to work in life and non-life insurance companies (designing insurance products and valuing financial contracts and investing funds); consultancy (offering advice to occupational pension funds and employee benefit plans); government service (supervising insurance companies and advising on the national insurance); and also in the stock exchange, industry, commerce and academia. This paper also develops the caliber of the students to understand the banking procedure with its command on money inflow in the market.

UNIT 1: Risk, Uncertainty and Asymmetric Information in Banking and Insurance Markets **08 Hrs**

Contingent Consumption; Utility Functions and Probabilities; Expected Utility Theory in Insurance Market; Risk pooling; risk spreading; risk transfer; Quality Choice – Choosing the Quality; Moral Hazard and Adverse Selection in Banking and Insurance Theories; Signaling - The Sheepskin Effect; Incentives; Asymmetric Information - Monitoring Costs Example: The Grameen Bank; Systems Competition; The Problem of Complements; Relationships among Complementors; Markets with Network Externalities

UNIT 2: Banking Theories and Institutions **13 Hrs**

Monetary Policy of RBI – Bank Nationalisation and Credit Planning; Monetary Targeting; Multiple Indicator Approach and Liquidity Adjustment Facilities (LAFs); Theoretical Basis of Banking Operations; Liabilities of Banks – deposits, non-deposit resources, other liabilities; Banking Assets – Investments, Bank Credit; Concept of Lending and Portfolio Choice and Aspects; Banking Innovations; Risk Management in Banking; Non-Bank Financial Intermediaries (NBFIs) and Statutory Financial Organisation – Small Savings, Provident Funds and Pension Funds; NBFIs and Miscellaneous Financial Organisation – Loan Companies, Investment Companies, Hire-Purchase Finance; Lease Finance; Housing Finance

UNIT 3: Life Insurance **08 Hrs**

Types of life insurance Contracts: Term and Cash Insurance; The Level Premium Concept; Life Insurance Products; Types of Term Insurance; Whole Life Insurance; Variation of Whole Life Insurance; Indeterminate Premium Whole Life Insurance; General Classifications of Life Insurance; Computation of Life Insurance Premium; Benefits-Certain and Benefits-Uncertain contracts

UNIT 4: Health Insurance **08 Hrs**

Individual Health and Disability Income Insurance; Types of Individual Health Insurance Coverage: Hospital (Surgical Insurance, Major Medical Insurance); Disability Income Insurance; Need for Disability Income Insurance: Short Term Versus Long Term Disability Coverage; Health Insurance for the Elderly; Long Term Care Insurance; Employee Benefits: Group, Life and Health Insurance; Group Insurance: Group Life Insurance Plans, Group Health Insurance Plans, Group Disability - Income Insurance

UNIT 5: Insurance Company Operations **08 Hrs**

Insurance Company Operations: Rate Making, Underwriting, Production, Claim Settlement, Reinsurance; Life Insurance Industry in India; Government Insurance Units; Private Players; Emerging Scenario; Marketing Systems; Distribution Channels: Agents and Brokers; Changes in Distribution System; Government regulation of Insurance; Rationale of Regulation; Function of IRDA, IITDA Regulations; Issues in Insurance Regulation

References:

1. Ackley, G. (1978), Macroeconomics: Theory and Policy, Macmillan, New York.
2. Besley, T., J. Hall, and I. Preston. 1998. "Private and Public Health Insurance in the United Kingdom." *European Economic Review* 42 (35): 491–97.
3. 1999. "The Demand for Private Health Insurance: Do Waiting Lists Matter?" *Journal of Public Economics* 72 (2): 155–81.
4. Bodenheimer, T. 1992. "Private Insurance Reform in the 1990s: Can It Solve the Health Care Crisis?" *International Journal of Health Services* 22 (2): 197–215.
5. Carmichael, J., and M. Pomerleano. 2002. *The Development and Regulation of Non-Bank Financial Institutions*. Washington, DC: World Bank.
6. Chakravarty, S.C. (1985), Report of the Committee to Review the Working of the Monetary System, Reserve Bank of India, Bombay.
7. Colclough, C. 1997. *Marketizing Education and Health in Developing Countries: Miracle or Mirage?* Oxford and New York: Clarendon.
8. Cutler, D. M., and J. Gruber. 1995. *Does Public Insurance Crowd Out Private Insurance?* Cambridge, MA: National Bureau of Economic Research.
9. 1997. "Medicaid and Private Insurance: Evidence and Implications." *Health Affairs (Millwood)* 16 (1): 194–200.
10. Ensor, T. 1995. "Introducing Health Insurance in Vietnam." *Health Policy and Planning* 10 (2): 154–63.
11. 1999. "Developing Health Insurance in Transitional Asia." *Social Science and Medicine* 48 (7): 871–79.
12. Folland, S., M. Stano, and A. C. Goodman. 2004. *The Economics of Health and Health Care.* Upper Saddle River, NJ: Pearson/Prentice Hall.
13. Glied, S. A. 2001. "Health Insurance and Market Failure since Arrow." *Journal of Health Politics, Policy and Law* 26 (5): 957–65
14. Grant, K., and R. Grant. 2003. "Health Insurance and the Poor in Low-Income Countries." *World Hospitals and Health Services* 39 (1): 19–22.
15. Hal R. Varian, Intermediate Microeconomics, 5/e, W W Norton and Company.
16. ILO Sub-regional office for South Asia, New Delhi, Extension of Social Protection in India Information Papers Series, "Yeshasvini Cooperative Farmers Health Scheme: A Typical Example." February 2007
17. Keynes, J.M. (1936), The General Theory of Employment, Interest and Money, Macmillan, London.
18. L.M. Bhole, Financial Institutions and Markets, 3/e, Tata McGraw Hill.
19. Laidler, D.E.W. (1977), Demand for Money: Theory and Evidence, DumDon Valley, New York.
20. Manning, W. G., and M. S. Marquis. 1996. "Health Insurance: The Trade-Off between Risk Pooling and Moral Hazard." *Journal of Health Economics* 15 (5): 609–39.

21. McKnight, R. 2002. *Essays on the Economics of Health Insurance.* Cambridge, MA: Massachusetts Institute of Technology.
22. Nyman, J. A. 2003. *The Theory of Demand for Health Insurance*. Stanford: Stanford UniversityPress.
23. Outreville, J. F. 1991. "Use of Computer Technology in the Insurance Sector of Developing Countries." Discussion Paper 38, United Nations Conference on Trade and Development, Geneva.
24. 1994. "Life Insurance in Developing Countries: A Cross-Country Analysis." Discussion Paper 93, United Nations Conference on Trade and Development, Geneva.
25. 1996. "Reinsurance in Developing Countries: Market Structure and Comparative Advantage." Discussion Paper 121, United Nations Conference on Trade and Development, Geneva.
26. 1998. *Theory and Practice of Insurance.* Dordrecht and Boston: Kluwer Academic Publishers.
27. P.S. Palande, R.S Shah, and M. L. Lunawat, (2003), *Insurance in India: Changing Policies and Emerging Opportunities,* Sage Publications.
28. Reddy, Y.V. (2000), A Review of Monetary and Financial Sector Reforms in India – A Central Banker's Perspective, UBSPD, New Delhi.

TRIMESTER III

RESEARCH METHODOLOGY FOR APPLIED ECONOMICS
MAEC 311

Objectives: **60 Hrs**

Understanding of the importance of research in creating and extending the knowledgebase of their subject area; Ability to distinguish between the strengths and limitations of different research approaches regarding their subject/research area; Knowledge of the range of qualitative and quantitative research methods potentially available to them; The ability to differentiate between the role of practitioners and the role of researchers; An understanding of and begin to critically reflect upon issues of ethics and role of the researcher; The skills to work independently, to plan and to carry out a small-scale research project.

UNIT 1: Introduction to research & research methods **10 Hrs**

Ways of knowing and understanding the world and the research process - The nature of knowledge and theory - Philosophy of Social Science Research - Relevance of Social Science Research - Objectivity and Values in Social Sciences

UNIT 2: Logic of Scientific Investigation **05 Hrs**

Theory Construction in Social Science Research - Approaches to Social Science and Managerial Research, Theoretical, Applied and Action Research - Ethical Issues in Research on Human or Social Subjects - Non-sexist approach in Social Sciences

UNIT 3: Research Design **15 Hrs**

Review of Literature - Identification of Research Gaps and Research Needs - Identification, selection and formulation of research problem - Formulating Hypotheses/Propositions/Issues, conceptualizing research problem

UNIT 4: Overview of Social Science Methodology **10 Hrs**

Uni-disciplinary, inter-disciplinary, multi-disciplinary methodologies - Quantitative Research Methods: An Overview - Qualitative Research Methods: An Overview - Historical Method - Case Study Method - Action Research - Monitoring and Evaluation - Triangulation (including/mixing Qualitative and Quantitative) Methods

UNIT 5: Information needs and use in social sciences **10 Hrs**

Secondary Sources of Information: Using and Integrating secondary and primary information - Quantitative Data: Kinds and quality of Data, demography, labour force, agriculture, industry - Quantitative Data: Human resources, education, health, housing, employment, banking, rural data bas - Quantitative Data: Survey Reports, Research Studies, Historical Data Tools - Statistical Systems – International, National and Local: Objectivity, Reliability and Validity of Data - Surveys and Questionnaires: Questionnaire, Schedule Design and Construction, Sample Surveys, Survey Administration - Observation – Structured and unstructured, Recording and Interpretation of Observations, Ethnography -Interviews: Nature of the Interview Process - Structured and Unstructured Interviews, Focus Groups, Group Discussions

UNIT 6: Analysis of Qualitative and Quantitative Data **10 Hrs**

Choice of Statistical and Processing Techniques - Interpretative Narrative Methods - Theory of the Testing of Hypotheses - Presentation of Research Findings, Products of Research, Thesis Writing - Factors conducive to research utilization

References:

1. Bell, J. (1993) Doing your research project: a guide for first-time researchers in Education and Social Science, Buckingham, UK: The Open University.
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16. Phillips, J. L. Statistical Thinking: A Structural Approach, 2nd ed. San Francisco: W. Hl. Freeman, 1982.
17. Renner, Tari. Statistics Unraveled: A Practical Guide to Using Statistics in Decision-Making. Washington, DC: International City Management Association, 1988.
18. Reynolds, H. T. Analysis of Nominal Data, 2nd ed. Beverly Hills, CA: Sage, 1984.
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21. Winkler, R. L. and W. T. Hayes. Statistics: Probability, Inference, and Decision, 2nd Ed. New York: Holt, Rinehart and Winston, 1975.

ECONOMICS OF GROWTH AND DEVELOPMENT
MAEC 312

Objectives: **60 Hrs**

The course is intended to impart a practical orientation to understanding the developmental issues in developing countries based on theoretical foundations; the course helps to create the skills in identifying issues of underdevelopment and generate practical solutions to them

UNIT 1: Theories of Growth and Development **12 Hrs**

a) Economic Growth Theories

Neoclassical economic theory: Slow-Swan growth model and its extension; Ramsey growth model; Empirics of neoclassical theory: Conditional and unconditional convergence; Endogenous growth theory: AK model; Romer model with knowledge spillovers and increasing returns to scale; Uzawa-Lucas model with human capital
Endogenous growth theory: Models with endogenous technological change, R&D based growth theory; Empirics of endogenous growth theory and technological change

b) Contemporary Theories of Economic Development

Dualistic development and structuralism – Lewis model, Chenery model; The balanced-growth Nurske model; Hirschman's unbalanced growth model with backward and forward linkages

c) New frontiers in Theories of Economic Development

The imperfect information paradigm (Stiglitz); the new institutional economic paradigm (Williamson); the international dependence models

UNIT 2: Poverty, Risk and Inequality **09 Hrs**

Measurement of development and poverty- vulnerability and of chronic and inter-temporal poverty; concepts of welfare and well-being – contrast to Sen's approach; microeconomic approaches on how economic processes lead to poverty increases or poverty reduction: poverty traps - the theory and evidence - credit market failures, risk, social norms and attitudes, and spatial externalities.

UNIT 3: Financial Flows to Developing Countries **09 Hrs**

The determinants of private capital flows (FDI, bank lending, bonds and equity); and the institutional and policy issues arising from their impact on macroeconomic stability and growth; the positive economics of aid (from whom, to whom and with what effects) and the normative economics of aid (how to allocate and deliver aid better); the relationships between these two sorts of financial flows.

UNIT 4: Rural Development **08 Hrs**

Land (tenancy, shareholding, and property rights); Labour (labour markets, shadow wages, wage determination); Migration (equilibrium models, causes and consequences, risk); Credit and micro-finance (credit rationing, household credit, lending to the poor)

UNIT 5: Industrial Policy and Technological Upgrading **09 Hrs**

Industrialization, economic growth and the industrial policy debate; The experience of the East Asian NICs: lessons and debates; Transfer of technology and role of multinational companies; Industrialisation and catch-up in the emerging economies: the BRICS and beyond; Opportunities and constraints for industrial policy in the 21st century: internal and external dimensions

UNIT 6: Openness and Development **09 Hrs**

The impact of trade and foreign investment on growth, inequality and poverty; variation in impact among countries with differing factor endowments and institutions; policy and non-policy barriers to external economic linkages; criteria and constraints in choice of external (and related internal) economic policies; industrial policy; market access, international and private rules governing trade; and regional integration.

UNIT 7: Education and Development through Community Participation **04 Hrs**

The concept of service/experiential Learning; A study of the causes, consequences and risk associated with migration for the rural illiterates; A study of the household finances of the rural Bangalore – lending to the rural poor, rural indebtedness, role of micro-finance.

(2 to 3 days rural stay where the students will understand the dimensions of rural poverty, study the developmental projects underway in the area, propose strategies to strengthen the ongoing programmes of development or suggest remedies for the problems)

Learning Outcomes:

The students will acquire

1. a sound conceptual knowledge base necessary to fulfill the role of expert in economics conscious of the broad issues of society
2. the capability to understand the nature of social and economic issues confronted in developing societies
3. the skills and techniques to find solutions to the problems of development and growth

References:

1. Murphy, K.M., A. Scheifer and R. Vishny, 'Income Distribution, Market Size and Industrialization', Quarterly Journal of Economics 104(3) 1989, pp. 537–564.
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3. Banerjee, A., R. Benabou, and D. Mookherjee (2006) Understanding Poverty. Oxford University Press. [BBM, HC79.P6 U534 2006]
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5. Rodrik, D. editor (2003) In Search of Prosperity: Analytic Narratives on Economic Growth Princeton University Press. [HD73 .I52 2003]
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9. Bardhan Pranab and Christopher Udry- Development Micro Economics. Oxford University press. 2000. New York
10. Nafziger- Economics of Developing countries. Prentice Hall 1997
11. Michael Todaro, *Economic Development*, Addison-Wesley, Reading, New York & London, Seventh Edition (2000).
12. Gerald Mayer, *Leading Issues in Economic Development*, Oxford University Press, Oxford (1995).
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14. Debraj Ray, *Development Economics*, Princeton University Press, Princeton, New Jersey (1998).

ECONOMICS OF LABOUR MARKETS
MAEC 313

Objectives: **60 Hrs**

Analyze the various factors influencing the demand and supply of labour in an economy in wage and employment determination; to understand the implications of economic and political institutions in influencing wages and employment; To understand the present state of industrial relations and social security in the country.

UNIT 1: Introduction to Labour Economics **10 Hrs**

Labour as a unique factor of production; Labour Market outcomes- Changing level and composition of labour supply and labour demand, structure of earnings, labor management relations and collective bargaining, level and composition of unemployment; Labour market process- market forces, institutional forces and sociological forces; Evolution of labour market theory- the Neoclassical school and the Institutional school.

UNIT 2: Labour Market Analysis **15 Hrs**

Supply of labour: The Theory of Labour Leisure Choice; Hours of work and Non labour income; Substitution and Income effects of Wage change; Labour force participation rates- Changes in male and female work participation rates; Household Model of Labor Supply- Life Cycle Allocation of Time, Bargaining Model of Family Labour Supply; Effects of Social Programs and Income transfers on Labour Supply.

Demand for Labour: The Marginal Productivity Theory of Labour Demand; The Elasticity of demand for labour - Hicks-Marshall rules of derived demand for labour; Consumer expenditure patterns and labour demand; Labour demand over business cycles; Labour demand in the long run- Equilibrium level of employment with isocosts and isoquants; Technological change and labour demand.

UNIT 3: Wage Determination **15 Hrs**

Wage determination in competitive markets; Wage determination in monopsony market; Minimum wages- Effect on wage and employment determination in competitive and monopsony markets; Segmentation and Dual Labour Market Theory; Wage differentials- Education, Training and Earnings Differential- The Theory of Human Capital, Costs and benefits of college education and On-the-Job training- Occupational Wage differentials; Theory of Compensating Wage Differentials; Earnings differentials by Gender- Wage and wage share in post-reform India.

UNIT 4: Employment **10 Hrs**

Measurement of unemployment; Conceptual issues- Causes of unemployment; Job search theories- Stigler Model, McCall Model- Rigid wages- Efficiency Wages, Labour force participation rates in India, Unemployment trends in India- Sectoral employment trends in India: Rural-Urban, Organised- Unorganised, Public-Private.

UNIT 5: Trade Unions and Collective Bargaining **10 Hrs**

Demand for union services- Costs and benefits of union membership- Supply curve of union membership- Equilibrium level of union membership- Union-management bargaining process: A model of bargaining process- Outcomes of bargaining process- Methods of dispute resolution- Dimension of union wage effect - Measuring the union-nonunion wage differential- Union impact on nonwage outcomes.

References:

1. Kaufman and Hotchkiss, Labour Market Economics, Cengage Learning, 2003.
2. Cahuc, Pierre, and Zilberberg, Labour Economics, Cambridge, Mass. and London: MIT Press, 2004.
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11. Datt, G. (1966), Bargaining Power, Wages and Employment: An Analysis of Agricultural, Labour: Marketsin India; Sage Publishers, New Delhi.
12. Hajela, P.D. (1998) , Labour Restrucing in India : A Critique of the New Economic Policies , Commonwealth Publishers, New Delhi.
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15. Papola, T.S., P.P. Ghosh and A.N. Sharma (Eds.) (1993), Labour, Employment and Industrial Relations in India, B.R. Publishing Corporation, New Delhi.
16. T.N. Srinivasan (Eds.) The Handbook of Development Economics, North-Holland, New York.
17. Venkata Ratnam, C.S. (2001) , Globalization and Labour – Management Relations : Dynamics of Changes , Sage Publications/Response Books , New Delhi
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19. Tyagi B.P., Labour Economics and Social Welfare (2011), Jai Prakash Nath and Co.

TRIMESTER IV

INTERNATIONAL ECONOMICS - THEORY AND POLICY
MAEC 411

Objectives: **60 Hrs**

The course is intended to inculcate in students an analytical understanding of structure and patterns of trade grounded on theoretical ideas; to explore the potential to expand trade and to suggest possibilities; accustom to the challenges that emerging countries face in the globalised scenario.

PART I: INTERNATIONAL TRADE

UIT 1: Core Trade Models **05 Hrs**

Ricardian and Neoclassical models of trade

UNIT 2: Heckscher-Ohlin Theory and Empirics **05 Hrs**

Heckscher-Ohlin and Related Models of trade and Empirical Tests

UNIT 3: Trade and Wages **10 Hrs**

Theoretical Perspectives and Empirical Studies; Increasing Returns, National Conflict, and the Gravity Model

UNIT 4: Trade Policies under Alternative Assumptions **05 Hrs**

Perfect Competition, Imperfect Competition, and Market Failures

UNIT 5: Trade and Growth **06 Hrs**

Theoretical Perspectives; International Factor Mobility and Multinational Corporations

PART II: OPEN MACROECONOMICS

UNIT 6: Balance of Payment and Exchange rate **12 Hrs**

The Balance of Payments and National Account; Determinants of Exchange Rates: Purchasing Power Parity; Sluggish Price and Overshooting Exchange Rate Model; Effect of Interventions in the Foreign Exchange Market

UNIT 7: Exchange Rate regimes, Policies and Financial Crisis **12 Hrs**

The Exchange-Rate Regime Choice and a Common Currency Area: Policy Assignment Problems; International Policy Coordination; Choice of Exchange Rate Regimes; International Debt and Currency Crises

UNIT 8: International Financial Organisations **05 Hrs**

The Role of the IMF and Other International Financial Organizations

References:

1. Robert C. Feenstra, *Advanced International Trade: Theory and Evidence*, Princeton University Press, 2004, ISBN 0-691-11410-2
2. Edward Leamer, editor, *International Economics*, Worth Publishers, 2001, ISBN 1-57259-820-4.
3. James R. Markusen, James R. Melvin, William H. Kaempfer, and Keith E. Maskus (MMKM),
4. *International Trade: Theory and Evidence*, McGraw-Hill, 1995, ISBN 0-07-040447-X.
5. Krugman P., Obstfeld M. (KO) International Economics: Theory and Policy. Ed. 3-5.
6. Sodersten B., Reed G. (SR) International Economics, 3rd ed. Macmillan, 1994.
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10. Winters, A. (W) International Economics, 4th edition.
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13. Jagdish N. Bhagwati, Arvind Panagariya, & T. N. Srinivasan, *Lectures on International Trade*, second edition (Cambridge, MA: MIT Press, 1998).
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16. Susan M. Collins, ed., *Imports, Exports, and the American Worker* (Washington, DC: Brookings Institution, 1998).
17. Giovanni Dosi, Keith Pavitt, & Luc Soete, *The Economics of Technical Change and International Trade* (New York: NYU Press, 1990).
18. Ronald Findlay, *Factor Proportions, Trade, and Growth* (Cambridge, MA: MIT Press, 1995).
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21. Gene M. Grossman, ed., *Imperfect Competition and International Trade* (Cambridge,

MA: MIT Press, 1992).
22. Gene M. Grossman & Elhanan Helpman, *Innovation and Growth in the Global Economy* (Cambridge, MA: MIT Press, 1991).
23. Gene M. Grossman & Kenneth Rogoff, eds., *Handbook of International Economics*, vol. 3, (Amsterdam: North-Holland, 1995).
24. Ronald W. Jones & Peter B. Kenen, eds., *Handbook of International Economics*, vol. 1,
25. *International Trade* (Amsterdam: North-Holland, 1984).
26. Paul R. Krugman, *Rethinking International Trade* (Cambridge, MA: MIT Press, 1990).
27. Paul R. Krugman, *Geography and Trade* (Cambridge, MA: MIT Press, 1991).
28. Andrea Maneschi, *Comparative Advantage in International Trade: A Historical Perspective* (Edward Elgar, 1998)
29. Dani Rodrik, *Has Globalization Gone Too Far?* (Washington, DC: Institute for International Economics, 1997).

PUBLIC FINANCE AND POLICY
MAEC 412

Objectives: **60 Hrs**

This course is meant to: To help the students learn more about the fundamental public policy questions of the day and the key theoretical and empirical tools of policy analysis in economics; To understand the economic challenge of allocating limited resources among competing uses in a global economy and across different market structures under conditions of limited information; To understand the role of government in the economy in the context of business activity, income distribution, economic growth, globalisation and market failure.

UINT 1: Role of Government **10 Hrs**

Public sector in the economy-functions; allocation, distribution, public goods, private goods and merit public goods; Market failure- Information asymmetry, Market signaling; Externalities-basic analysis and Coase theorem-Pigovian taxes

UNIT 2: Public Choice and Public Policy **10 Hrs**

Allocation of resources; Private and public mechanism for allocating resources- Problems of preference revelation and aggregation – Voting systems; Arrow's Impossibility theorem-Provision of public goods; Voluntary exchange model and Samuelson's impossibility of decentralised provision of public goods; Tiebout model

UNIT 3: Public Expenditure **10 Hrs**

Theories of public expenditure; Wagner's law of increasing state activities; Peacock Wiseman hypotheses-Social Cost benefit analysis-Criteria for public investment-Project valuation-Economic reforms and control of public expenditure in India

UNIT 4: Taxation **10 Hrs**

Taxes-types; Canons- VAT and GST- Approaches to Equity principle in taxation: Benefit principle; Ability to Pay Principle- Impact and Incidence of taxation; Modern theory of Incidence- major trends in tax revenue of the central and state governments in India- Tax Reforms in India; Chelliah Committee Report

UNIT 5: Public Debt and Budget **10 Hrs**

Classical and Keynesian approaches to public debt; Analytical concepts of public debt; Modern theory of public debt; Sources of public debt; Methods of debt redemption; Principles of debt management and repayment-Growth of India's Public debt-Zero based budgeting-Programme budgeting.

UNIT 6: Fiscal Federalism **10 Hrs**

Principles of federal finance - Assignment of Functions & Devolution of Resources and Grants; Vertical and Horizontal Imbalance- Finance Commission- Recommendations of 12^{th} and 13^{th} Finance Commissions – Economic reforms and centre state financial relations in India

References:

1. Dr.Tyagi B.P., Public Finance, Jai Prakash Nath Pub.Meerat, (UP)
2. Musgrave and Musgrave: Public Finance in Theory and Practice (Fifth Edition).
3. H.L. Bhatia. Public Finance (Fifteenth Revised Edition).
4. Amaresh Bagchi (Ed.). Readings in Public Finance. Oxford University Press
5. R.K.Lekhi, Public Finance.
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7. Jha.R (1998), Modern Public Economics, Routledge, London.
8. Srivastave.D.K., Fiscal Federalism in India, Har Ananad Publication Ltd., New Delhi

ECONOMICS OF INDUSTRIAL ORGANISATION
MAEC 413

Objectives **60 Hrs**

To present the fundamental models of the firms' behavior under different market structures. To impart the knowledge of how the firms interact in different markets and the effects of their interactions for the social welfare. To provide a thorough knowledge about the economics of industry in a cogent and analytical manner, particularly in the Indian context. To make the students aware of the basic issues such as productivity, efficiency capacity utilization involved in the industrial development of India.

UNIT 1: Firm's Behaviour and Market Concentration **15 Hrs**

Market structure – conduct performance paradigm – Sources of monopoly power-Effects of monopoly on social welfare- Natural monopoly; Price and non-price regulation of natural monopoly-Anti monopoly policy- Price Discriminating Monopoly-Types of price discrimination: general overview- Welfare effects of price discrimination- Market concentration and monopoly power – Causes and measurement – Market concentration and performance – Extent of market concentration in India – Recent trends – The Firm: Emergence and its objectives - Non -profit maximizing models- Case studies on Market concentration and Natural Monopoly

UNIT 2: Vertical Integration, Diversification and Mergers **8 Hrs**

Mergers and take over: Concepts, motives and consequences- Cross border M & A-Diversification-Vertical Integration: Nature and extent of vertical integration, monopolistic motives for integration – Case studies on M & A

UNIT 3: Industrial Finance and Pricing Decisions **10 Hrs**

Sources (internal and external) – Financial Statements – Analysis of financial ratios and their interrelatedness, Problems of financial analysis- General considerations for pricing decisions-Cost plus pricing, Incremental cost pricing, Acceptance pricing, going rate pricing and transfer pricing; Predatory pricing - Public policy towards predatory pricing- Profitability and its determinants

UNIT 4: Industrial Productivity and Efficiency **10 Hrs**

Industrial Productivity- norms and measurement; Factors affecting productivity and capacity utilization ; Importance of productivity in the competitive environment; .Measures required for improving productivity and efficiency- Case studies on Productivity

UNIT 5: Theory of the Firm & Industrial Location Analysis **10 Hrs**

The behavioural theory of the firm; Transaction cost theory; the property Right Theory; The Agency Theory and the Resource Based Theory- Factors Influencing Location of Industries. - Theories of Industrial Location, Weber, Sargent Florence; Need for Balanced Regional Development of Industries - Industrial location trends in India

UNIT 6: Government Regulation of Industry **07 Hrs**

Industrial Imbalance Causes and Measures-Need for Balanced Regional Development of

Industries - Industrial location trends in India - Need for govt intervention in industry- Ways of government regulation-Industrial regulations in India.

Course Texts:

1. Barthwal, R.R. (2010). Industrial Economics: An Introductory Text Book, New Age International, ND.
2. Industrial Organization: Contemporary Theory and Practice, Pepall, Lynne; Daniel J. Richards; George Norman. 2nd.ed South-Western. 2002.
3. Hay and Morris D. J. (Latest), Industrial Economics- Theory and Evidence, Oxford University
4. Industrial Economics, B.N.Narayan, Anmol Publications Pvt. Ltd.
5. Ahluwallia, I.J. (1992): Industrial Growth in India, OUP, Delhi.

References:

1. Applied Industrial Economics, Ed. By Lois Phlips. Cambridge University Press. 1998.
2. Industrial Organization- A Strategic Approach, Church J. R, Ware R. Irwin, McGraw Hill. 2000.
3. Organisation, Theory and Applications, Oz Shy, MIT Press 1995
4. Singh A and A.N.Sadhu (1988) Industrial Economics, Himalaya Publishing House, Mumbai
5. Francis cherunilam (1994) Industrial Economics,Tata McGraw-Hill publishing company limited,NewDelhi.

TRIMESTER V

OPERATIONS RESEARCH
MAEC 511

Objectives: **60 Hrs**

This course introduces students to the theoretical framework of operations research models. The course is intended to provide an in-depth understanding of the methodology of OR and its applications in diverse fields in making effective decision making.

UNIT 1: Introduction to Operations Research **03 Hrs**

Brief history- stages of development- definitions- OR tools.

UNIT 2: Linear Programming **10 Hrs**

Fundamentals of L P models - Graphic solutions of LP models – feasible solutions- infeasible solutions- unbounded solutions- Maximization of Objective Functions - Minimization of Objective Functions - Simplex Method with two variables- Simplex Method with more than two variables

UNIT 3: Transportation Problems **10 Hrs**

Transportation algorithm- Basic feasible solution of TP- North West Corner Rule- Least Cost method- Vogel's Approximation Method – Optimality test- Stepping Stone method – Modi method

UNIT 4: Assignment Model **05 Hrs**

Assignment problem structure and solution- maximization in assignment problem crew assignment problem

UNIT 5: Net Work Models **07 Hrs**

PERT/ CPM Determination of Earliest Expected and Latest Allowable Times - Determination of Critical path – PERT Cost- Scheduling of a project- Application of PERT- Critical Path Method- Problems

UNIT 6: Waiting Lines **05 Hrs**

Structure of Queuing models- Waiting Line models

UNIT 7: Inventory Management Models **05 Hrs**

Basic Features of inventory decisions- EOQ- Quantity discounts- EPQ models- ABC Analysis

UNIT 8: Game Theory **05 Hrs**

Basic concepts-definition- managerial applications- two-person's zero-sum games.

References:

1. C. R. Kothari, Quantitative Techniques, Vikas Publications, New Delhi.
2. W.J. Baumol, Economic Theory and Operation Analysis, Englewood Cliff, Prentice Hall, NJ.
3. Ackoff R L and Saienni M W, Fundamentals of Operation Research, Wiley, New York.

4. Hadley, G. Linear programming, Addison Wiley, Massachusetts.
5. Morse P M, Queeing, Inventory and maintenance, Wiley, New York.
6. Srivastava U.K, Shenoy G. V, and Sharma S C, Quantitative Techniques for Management Decisions, Wiley Eastern, New Delhi.

APPLIED FINANCIAL ECONOMICS

MAEC 512

Objectives: **60 Hrs**

This course introduces students to the conceptual and practical operations of the capital market and its institutional framework in Indian context. The course is intended to provide an in-depth understanding of the operational issues of the capital market and the security analyzing criteria.

UNIT 1: Theoretical Foundation for Financial Economics **08 Hrs**

Introduction to Financial Economics - Finance and Economics – Role of Financial Intermediation - Financial System and Economic Development - Time Value of Money - Future value - Present value - Neumann – Morgenstern Utility Index - Constructing N M Utility Index - Distinction between NM utility and neo-classical utility measurement – Application of NM Utility Index - Freidman Savage Hypothesis - Capital Asset Pricing Model - Limitations of CAPM - Arbitrage Pricing Model - Law of one price

UNI 2: Risk- Return Trade off **09 Hrs**

Different sources of risk - The process of Risk Return Trade Off - Measure risk - Markowitz's Portfolio theory – Expected rate of returns- Variance and standard deviation – Covariance of return – Correlation – Standard deviant of portfolio – Efficient portfolio - Attitude towards Risk - Risk Averter vs. Risk Lover - Risk Lover's gamble - Risk Neutral Situation - Risk Aversion and Insurance - Estimating firm's beta

UNIT 3: Market Efficiency **07 Hrs**

Financial Market efficiency – Weak form efficiency – Semi- strong form efficiency – Strong form efficiency – Departure from market efficiency - Financial market Efficiency – tests for market efficiency - Financial Sector Reforms - Philosophy of Financial Sector Reforms – Achievements - Areas of Concerns in Financial Sector Reforms

UNIT 4: Financial Markets **08 Hrs**

Components of financial markets - Money markets and capital markets - Primary and secondary markets – Organized and over-the counter markets – Commodity and currency market - Derivative market - Securities traded in financial markets - Financial Instruments - T- Bills- Commercial papers – Certificates of Deposits – Repos and Reverse repos – Bond Markets – Treasury bonds- State and Municipal Government bonds- Corporate Bonds – Zero Coupon Bonds – Convertible bonds- callable bonds- putable bonds – Fixed and floating rate bonds – International bonds- Instruments in capital markets

UNIT 5: Primary Markets **09 Hrs**

Initial Public Offers – Follow on public offer - Rights issue – Bonus issue – Qualified Private placements - Function of merchant banker – Pre-issue obligations – Post-issue obligations – Pricing of Public issue – price bands – Credit Rating – Dutch auction - Book Building -Post-Issue Obligations- Eligibility Norms- Contribution of Promoters and lock-in- Demat Issues- Euro

Issues- Applications Supported by Blocked Amount (ASBA) -Qualified Institutions Placement (QIP)

UNIT 6: Secondary Markets **07 Hrs**

Depository system – Stock exchanges – Demutualization of stock exchanges – Listing of securities – Internet trading – Trading in Secondary Markets – types orders – Limit orders – Market orders- Stop loss order – Day order – Cancel Order - Matching Orders - Circuit breakers – Insider Trading – Unfair trade Practices – Buy back - Over-the counter Markets

UNIT 7: Derivative Markets **05 Hrs**

Forwards, Options and futures – Call and put option – Speculating with call option – Speculating with put options – Determinants of call option premium - Determinants of put option premium

UNIT 8: Financial Planning **07 Hrs**

Specification of Investment goals - Investment Alternatives - Analysis of Individual's Environment and Resources - Establishment of Financial Plans - The Capacity to Meet Financial Emergencies - Desire to Finance Identifiable Future Purchases such as Children's Education - The Need for Additional Income - Desire to Accumulate an Estate - Desire to speculate - Asset allocation – Monitoring and evaluation - Active vs. passive portfolio management

References:

1. William Sharpe, Gordon Alexander and Jeffery Bailey, Investments 5/e, Prentice Hall of India, Chapters 1 – 13 (Selectively), 20, 22.
2. Hendrick S. Houthakker and Peter J. Williamson (latest edition), The Economics of Financial Markets, Oxford University Press, Selected chapters.
3. John Eatwell, Murray Milgate and Peter Newman (eds.), Finance: The New Palgrane, Norton, Chapters by Stephen Ross (Finance) and J.E. Ingersol (Option Pricing Theory)
4. L.M. Bhole, Financial Institutions and Markets, 3/e, Tata McGraw Hill.

ECONOMICS OF GENDER
MAEC 513

Objectives **45 Hours**

This course is offered to the third semester students of M.A. Applied Economics as an elective paper under the stream of development oriented papers. The course uses economic theory and analysis to explain how gender and caste differences lead to differences in outcomes with respect to education, career, earnings and roles in the family and how such differences impact female mortality, fertility, economic status and work participation.

Module I –Introduction **10 Hours**

Historical and current trends in wages, occupational patterns and unemployment rates by gender and caste- Economic explanations for gender and caste based disparities in the labour market- Empirical evidence from economic literature- Gender budgeting: Meaning, scope and data types.

Module II -Theories of Market Discrimination **10 Hours**

Personal –prejudice models: Employer, Customer and Employee discrimination- Statistical discrimination- Non-competitive models of Discrimination- Measures taken to eliminate discrimination- Gender-caste development index- Intersections of gender and caste.

Module IV - Women and the Economy **15 Hours**

Overview of marriage and family structure; The economics of marriage, Production, specialization and gains to marriage, Supply and demand model of marriage, changes in demand and supply, Marriage and the earnings of men, Divorce and its consequences- Decision making by women; Factors affecting decision making by women, property rights, access to and control over economic resources, assets; Power of decision making at household, class, community level; Economic status of women and its effect on work-participation rate, income level, health, and education in developing countries and India.

Module III -Women's Work and Pay **10 Hours**

Concept and analysis of women's work: Valuation of productive and unproductive work; visible and invisible work; paid and unpaid work; economically productive and socially productive work – Women's labour force participation; Economic model of women's labour force participation – Effect of changes in wages, income and household productivity- The gender gap in earnings- Occupational segregation – gender differences in education – economic analysis of gender gap in earnings

Course Text

1. Thorat and Newman (2009), *Blocked by Caste: Economic Discrimination in Modern India,* Oxford University Press.
2. Hoffman and Averett (2007), *Women and the Economy: Family, Work and Pay*, Prentice Hall Publications.

References

1. Amsden, A.H. (ed.). (1980). *The Economics of Women and Work*, Penguin, Harmondsworth.
2. Becker, Gary. (1971), *Economics of Discrimination*, 2nd edition, University of Chicago Press.
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4. Engles, F. (1985). *The Origin of the Family, Private Property and the State*, Progress Publications, Moscow.
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6. Krishnaraj, M., R.M. Sudarshan and A. Shariff (1999). *Gender, Population and Development*, Oxford University Press, New Delhi.
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9. Mitra, A. (1979). *Implications of Declining Sex Ratio in India's Population*, Allied, New Delhi.
10. Sen, G. and K. Brown (1987). *Development, Crises and Alternative Visions*, Monthly Review Press, New York.
11. Seth, M. (2000). *Women and Development: The Indian Experience*, Sage Publications, New Delhi.
12. Agnihotri, S.B. (2000). *Sex Ratio in Indian Population: A Fresh Exploration*, Sage Publications, New Delhi.
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14. Dwyer, D. and J. Bruce (eds.). (1988). *A Home Divided: Women and Income in the Third World*, Standard University Press, Stanford.
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17. Papola, T.S. and A.N. Sharma (eds.) (1999). *Gender and Employment in India*, Vikas, New Delhi.
18. Schultz, T.P. (1988). “Education Investments and Returns”, in Chenery, H.B. and T.N. Srinivasan, *The Handbook of Development Economics*, North Holland, New York.
19. Seth, M. (2000). *Women and Development: The Indian Experiences*, Sage Publications, New Delhi.
20. Yong, K. et al. (eds.). (1987). *Serving Two Masters*, Routledge and Kegan Paul, London.

TRIMESTER VI

DISSERTATION
MAEC 611

DESCRIPTION

This paper is a compulsory paper in the fourth semester of post graduate course in Applied Economics. Through this paper students undertake an original research work based on the area of his/her interest and academic leaning in the previous semesters. This also becomes a thorough training in the nuances of analytical and research skills.

Objectives:

To inculcate in students the rigour of research work; To imbibe in students the spirit of inquiry; To encourage students to do academic reading of journal articles; To be informed about new developments in the field of economics research.

Methodology

The dissertation work is carried out under the guidance of a faculty with scheduled meetings for discussion of the progress of the work and timely interim presentations before a panel of faculty to assess the quality of the work. The final submission of the dissertation is followed by a viva voce on the topic of the research.

1. Evaluation at the end of the semester is based on the following categories:
2. Regularity of meeting with guide for discussions 25% weightage
3. Presentation of the synopsis by student 10 weightage
4. Mid-term review by student 15% weightage
5. Final submission of the dissertation and viva voce 50%

INTERNATIONAL FINANCE
MAEC 612

Objectives: **60 Hrs**

This course aims to explore the issues and problems and applications that arise from international financial trading relations between nations. In globalized economy students of economics requires a thorough knowledge and understanding of the complexities in international finance. The course covers different international financial orders that existed in the globe. Topics such as organization of foreign exchange markets, determination of exchange rates, the fundamental principles of international finance, foreign exchange risk and exposure are also covered.

UNIT 1: An Overview of International Financial System – Past - Present and Future 15 Hrs

Financial Order in 1870-1914 – Interwar period 1919-1939 – Bretton Woods era 1945-1971 – International Monetary Fund - Washington Consensus 1971 –Basel Accords - Understanding Currency Crisis - East Asian Crisis – Euro Zone Crisis – Global Financial Crisis - Towards a New Financial Word

UNIT 2: Foreign Exchange Market **10 Hrs**

Participants in Forex Market – Alternative Exchange Rate Regimes –Forward Exchange Rate – interaction of hedgers, arbitrageurs and speculators - Flexible Exchange Rate Regime – Pegged float – Fixed Float – Managed Float - Market Size and Liquidity –Determinants of Foreign Exchange Rates – Economic Factors – Technical Trading Considerations – FCCB - Euro Bonds – ADRs – GDRs – IDRs

UNIT 3: Foreign Exchange Risk and Exposure **15 Hrs**

Nature of exchange rate risk and exposure – real changes in exchange rate – Forex Exposure – Transaction Exposure – Translation Exposure – Operating Exposure – Exposure Netting – Currency Risks - Currency Swaps – Forex Beta – Operational Hedging – Financial Hedging – Management of Economic Exposure – Forex Exposure for MNCs- Money market Hedge - Cost of forward hedging – benefits of forward hedging – payoff profiles of different hedging technics – company hedging policy – exchange rate forecasting and speculation

UNIT 4: Forex Regulatory Framework **10 Hrs**

Foreign exchange regulation Act (FERA) – Foreign exchange Management Act (FEMA) – Forex Management Strategy – Monetary Policy Interventions –BoP and Forex Rate – International Capital Flows – currency convertibility - Foreign Remittances, FII & FDI in Forex Markets

UNIT 5: Currency Derivatives **10 Hrs**

Currency Futures, Options and Swaps - Forward Contract – Spot Forward Parity – Cost of Carry – Forward Pricing Formula – Margin Trading – Currency Derivatives - Futures Contracts – Using Currency Futures for Hedging – Interest Rate Futures - Currency Option – Contract Specification – Option Styles – Black Sholes – Stochastic Volatility – Monte Carlo Models – Counter Parity Risk – Option Strategies – Swap Market – Interest Rate Swaps – Currency Swaps- Equity Swaps – Commodity Swaps – Libor – Credit Default Swap– Arbitrage

References

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5. A Lakshmana Swamy, Financial Sector Reforms, Excell Books, New Delhi, 2008.
6. James Hanson, Patrick Honohan, Giovanni Majnoni, Globalisation and National Financial Systems, World Bank, Washington, 2003.
7. Mark Mobius, Foreign Exchange – an Introduction to the core concepts, Masterclass Series, John Wiley and Sons, 2009.
8. Solomon Robert, the International Monetary system an Insider's view, Harper and Row, New York, 2009.
9. Spiegel, Mark M, Argentina's Currency crisis: Lessons for Asia (online).
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12. Calvo G, Capital inflows and Macreconomic Management: Tequila lessons, International Journal of Finance and economics, Vol 1 pp 07-23.
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15. Flood R.P and Garber, P.M. Collapsing Exchange rate Regime: Some linear Examples, Journal of International Economics, Vol 16, pp1-13.

REGIONAL AND URBAN ECONOMICS
MAEC 613

Objectives: **45 Hrs**

To acquaint the student with the underlying theories, propositions and problems of regional economies and methods of analyzing them; The course will equip the student with the basic theoretical premises and analytical tools that are used by an urban economist.

UNIT 1: Regional Economics – An introduction **04 Hrs**

Nature and scope of regional economics - Roots of regional economics- Different types of regions-indicators of regional development

UNIT 2: Location Theory and Economic Activity **08 Hrs**

Dynamics of Market areas- Transfer oriented firm; Resource oriented firm; market oriented firms- principle of median location – labour markets and locational choices - Locational interdependence; Hotelling Phenomena- Market area analysis; Central place theory

UNIT 3: Theory of Land Use Pattern and Income Models **07 Hrs**

Land rent, contract rent and economic rent- Urban land use patterns- Monocentric and Polycentric Models of land use- PPC and economic growth-comparative advantage; demand based models; Economic Base theory

UNIT 4: Regional Growth Analysis **10 Hrs**

Agglomeration economies-localization in economies- urbanization economies- Neoclassical growth theory- Endogenous growth theory- Product life cycle and firm location-staple theory of economic development

UNIT 5: Regional Labour Markets and Migration **09 Hrs**

Labour market structure; regional wage differentials- Urban education problem: education production function; Causes and consequences of low educational achievement in central cities- Migration; costs and benefits of human migration; impact of migration; empirical aspects.

UNIT 6: Inter-regional Differentials and Regional Imbalance in India **07 Hrs**

Agriculture, Industry, Physical infrastructure, Social Sector- Regional characteristics in India and imbalances – Regional development programs: impact and policies to reduce imbalances in India; Committee recommendations.

References:

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2. Philips McCann (2011) Urban and Regional Economics, Routledge.
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9. Hoover, E.M. (1974), An Introduction to Regional Economics, Alfred A. Knopf, New York.
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17. Seth, V.K. (1987), Industrialization in India: A Spatial Perspective, Commonwealth Publishers, New Delhi