
MA ECONOMICS

COURSE STRUCTURE & SYLLABUS



DEPARTMENT OF ECONOMICS AND PUBLIC POLICY

Central University Of Himachal Pradesh
[ESTABLISHED UNDER THE CENTRAL UNIVERSITIES ACT 2009]
DHARAMSHALA, DISTRICT KANGRA - 176215
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Explanatory Notes

Credit Equivalent: One credit is equivalent to or is defined as given below:

- i. 10 hours of lectures /organized classroom activity /contact hours;
- ii. 5 hours of laboratory work / practical / field work /Tutorial /teacher-led activity;
- iii. 15 hours of other workload such as independent individual/group work; obligatory/ optional work placement; literature survey/ library work; data collection/ field work; writing of papers/ projects/dissertation/thesis; seminars, etc.

Attendance Requirements

Students are expected to attend all lectures in order to be able to fully benefit from the course. A minimum of 75% attendance is a must failing which a student may not be permitted to appear in examination.

Evaluation Criteria

1. Mid Term Examination: 25 per cent
2. End Term Examination (External): 50 percent
3. Comprehensive Internal Assessment: 25 percent

Semester wise courses offered

SEMESTER II

Core Compulsory Courses

Course Code	Course Name	Credits
ECN 451	Macroeconomics I	4
ECN 520	Microeconomics II	4
ECN 452	Econometrics I	4
ECN 453	Development Economics	4

One course of 2 credits from Skill Development Courses being offered by other departments

One course of 2 credits from Human Making Courses being offered by other departments

SEMESTER II

ECN: 451 Macroeconomics I

Course Code: ECN 451
Course Name: Macroeconomics I
Credits: 4

Course Objectives:

- Introduce basic concepts on macroeconomics
- Enable students understanding functioning of the macro economy
- Developing critical skills to understand the implications of macroeconomic policies

COURSE CONTENTS

UNIT I (10 Hours)

Evolution of Macroeconomics, Schools in Macroeconomics; Basic models of Macroeconomics; National income: concepts and measurement. Macroeconomic Theories of Consumption: Relative income, Permanent income, Life cycle income hypotheses and Hall Approach. Role of liquidity constraint and Pigou effect and real balance effect on consumption demand

UNIT II (15 Hours)

Macroeconomic Theories of Investment: The Keynesian approach, Accelerator theory, Neo-classical theory of investment, Tobin's Q theory of investment. The Demand for Money: Keynesian approach, Baumol and Tobin's contribution and Friedman's restatement of quantity theory of money. The neutrality of money

UNIT III (15 Hours)

Derivation, properties and shifts in IS and LM curves and simultaneously equilibrium in the goods and money market. Effects of monetary and fiscal policies under different cases in IS and LM framework including derivation of aggregate demand curve.

Demand and supply of labour: The Classical and Keynesian views. Keynesian and Classical model of income determination. Wage price flexibility. Expectations and aggregate supply curve. The classical and Keynesian dichotomies and their resolution by Patinkin's real balance effect and through IS-LM model respectively. Monetary, fiscal and Income Policies. Rational expectations hypothesis; Rational Expectations and demand policy and policy ineffectiveness proposition

UNIT IV**(10 Hours)**

Inflation; Theories of Inflation: Demand-pull and cost-push inflation; short and long-run Phillips curve analysis; Expectation Augmented Philips curve. Wages, prices and productivity. The Keynesian, the monetarist and the rational expectations analysis

UNIT V**(10 Hours)**

Keynesian and monetarist perspectives on monetary, fiscal and income policies. Stabilization policies: Rules vs. Discretion: lagged effects of policies and role of expectations. Crowding out effect and government budget constraint. Rational expectations and effectiveness of stabilization policies.

Prescribed Text Books:

1. Branson, W.H., (2005), *Macro-Economic Theory and Policy*, East-West Press Private Limited, New Delhi.
2. Dornbusch, R. and S. Fischer (2005) *Macroeconomics*, 4th Edition, McGraw-hill Education Private limited, New Delhi.
3. Blanchard, Oliver (2007), *Macroeconomics*, Pearson Education, New Delhi.
4. Shapiro, Edward (1984), *Macroeconomic Analysis*, Galgotia Publication, New Delhi

Supplementary Readings:

1. Errol D Souza (2012), *Macroeconomics*, Pearson, New Delhi, New York.
2. Rakshit, M. (1998), *Studies in Macroeconomics in Developing Countries*, Oxford University Press, New Delhi
3. Andrew B. Abel, Ben S Bernake and Dean Croushore(2011), *Macroeconomics*, Indian Edition, Pearson.New Delhi, New York
4. Richard T. Froyen (2012), *Macroeconomics: Theories and Policies*, Pearson.

ECN: 452 Econometrics I

Course Code: ECN 452
Course Name: Econometrics I
Credits: 4

Course objectives:

- to familiarize students with the econometrics theory;
- to enable students to understand applications of basic econometric methods.

COURSE CONTENTS

UNIT I (15 Hours)

Introduction: Meaning and rationale of Econometric as a separate discipline, Methodology, Types of Econometrics, Nature and Sources of Data used in Econometric Analysis. Functional Forms of Regression Models. Estimation of the Two Variable and Multiple Regression Models with the Method of Ordinary Least Squares (OLS); BLUE Properties and Testing of Hypothesis, Maximum Likelihood Estimation (MLE).

UNIT II (10 Hours)

Nature, Consequences, Detection & Remedial Measures for the problems of: Multicollinearity, Heteroscedasticity and Autocorrelation.

UNIT III (10 Hours)

Specification Errors, Tests of Specification and Misspecification, Errors of Measurement, Encompassing. Models and Criteria for Model Selection. Dummy Variables: Introduction and Uses [as independent variables].

UNIT IV (15 Hours)

Distributed Lag and Autoregressive Models: Introduction and Nature of Distributed Lag (DL) & Auto Regressive (AR) Model. Koyck Approach for Estimation of DL & AR Models Rationalization of Koyck Approach by Adaptive Expectation and Partial Adjustment Hypothesis; Almon's Polynomial Approach

UNIT V [for assignment only] (10 Hours)

Estimation of Regression Models using Standard Statistical/Econometric Packages [SPSS/E-View/STATA/Gretl/R]*. Interpretation of Estimates and Hypothesis Testing. Testing for and redressal of Multicollinearity, Heteroscedasticity, Autocorrelation using Computer Techniques.

*** Note: Choice of the software shall be based on availability.**

Prescribed Text Books:

1. Dougherty, Christopher (2011) *Introduction to Econometrics 4th Edition*. New York: Oxford University Press.
2. Koutsoyiannis, A. (1977). *Theory of Econometrics*. Macmillan Publishers
3. Wooldridge, Jeffrey M. (2010) *Econometric Analysis of Cross Section and Panel Data 2nd Edition*. MIT Press.
4. Greene, W.H. (2003), *Econometric Analysis*, fifth edition, Pearson Education Inc.

Supplementary Readings:

1. Goldberger, A. S. (1998). *Introductory Econometrics*. Cambridge: Harvard University Press.
2. Hill, R. Carter, William E. Griffiths and Guay C. Lim (2011) *Principles of Econometrics 4th Edition*. Wiley.
3. Hsiao, Cheng (2002). *Analysis of Panel Data*. Cambridge University Press.
4. Mukherjee, Chandan, Howard White and Marc Wuyts (1998) *Econometrics and Data Analysis for Developing Countries*. New York: Routledge.
5. Gujarati, Damodar N. (2002). *Basic Econometrics 4th Edition*. McGraw Hill
6. Maddala, G. S. (2005). *Introduction to Econometrics*. New Delhi: Wiley India Pvt. Ltd.

ECN: 453 Development Economics

Course Code: ECN 453
Course Name: Development Economics
Credits: 4

Course Objectives:

- to familiarize students with basic concepts of growth and development.
- to understand different strategies and models of economic growth & development.
- to understand various issues related to development.

COURSE CONTENTS

UNIT I (10 Hours)

The Concept Economic Development, The Development Imperative, Measuring Economic Growth & Development, Historical Perspective of Development, The Roots of Development Theory

UNIT II (15 Hours)

Classical Theories (Adam Smith, Malthus, Ricardo, Marx), Neoclassical model of Solow and Swan

UNIT II (12 Hours)

Endogenous Growth Theories and New Strategies for Development, Theory of Big-Push, Balanced and Unbalanced Growth, Growth with unlimited labor supplies, Stages of Growth Theory

UNIT IV (13 Hours)

Initial Structural Transformation and Industrialization Process, Agriculture and Development

UNIT V (10 Hours)

Population, Education, and Human Capital; Technology and Development; The International Monetary Fund, The World Bank, and Foreign Aid

Prescribed Text Books

1. Barro, Robert J. and Martin, Xavier Sala I (2009). *Economic Growth*, 2nd Edition, PHI Learning Private Ltd., New Delhi.
2. Chenery Hollis and Srinivasan, T.N. (1988). *Handbook of Development Economics (eds) Volume 1*, North Holland Publications.

3. Cypher, James M. and Dietz, James L (2009). *The Process of Economic Development*, 3rd Edition, Routledge, Oxon.

Supplementary Reading:

1. Basu, Kausik (1998), *Analytical Development Economics*, Oxford India Paperbacks, New Delhi.
2. Ghatak, Subrata (2003). *Introduction to Development Economics*, 4th Edition, Routledge Taylor & Francis Group.
3. Higgins, B. (1966), *Economic Development*, Central Book Depot, Allahabad.
4. *Journal of Development Economics*.
5. Sen, Amartya (1999), *Development vs. Freedom*, Oxford University Press, London.
6. Thirwall, A. P. (2006). *Growth and Development with Special Reference to Developing Economies*, 8th Edition, Palgrave Macmillan, New York.
7. Todaro, M. P. and Smith, S. C. (2003). *Economic Development*, Pearson Education Limited, New Delhi.

ECN: 520 Microeconomics II

Course Code: ECN 520
Course Name: Microeconomics II
Credits: 4

Course Objectives:

- familiarize students with the advanced topics in microeconomics.
- exposing students to general equilibrium and welfare economics.
- introducing game theory to students

COURSE CONTENTS

UNIT I (12 Hours)

Games, Rules of the Game, Extensive Forms and Strategic or Normal Form of Game, Morgenstern Utility Function, Some Examples, Strategic Form Games and its Case Study on Art Auction, Dominance Strategy Solution, Dominance Solvability

UNIT II (15 Hours)

The Concept and Examples of Nash Equilibrium, Cournot Model and Its Nash Equilibrium, Variants of Nash Equilibrium and Stackelberg Model, The Commons Problem, Definition and Examples of Mixed Strategy, Mixed Strategy and Pure Strategy, Mixed Strategy and Bluffing, Mixed Strategy and Nash Equilibrium, Application of Mixed Strategies (Natural Monopoly and Bankruptcy Law), Zero-Sum Games

UNIT III (10 Hours)

Introduction to Welfare Economics, Pigovian Approach, Pareto Optimal Conditions, Two Fundamental Welfare Theorems, Social Welfare Function, Welfare Criteria-Kaldor, Hicks, Scitovsky, Bergson-Samuelson, Gorman's Intransitivity Problem

UNIT IV (13 Hours)

Factors for Sub-Optimal Welfare- Market Failure, Imperfect Competition, Natural Monopoly, Imperfect Knowledge, Uncertainty, Non-existent and Incomplete Market, Externality and its Types, Coase Theorem, Scitovsky Contour for Public Goods, Inefficient Provision for Public Goods, Lindahl Formula, Theory of Second Best, Arrow's Impossibility Theorem, Rawl's Theory of Justice, Equity-Efficiency Trade-Off

Unit-V

(10 Hours)

Pure Exchange Model, Walrasian Equilibrium, Brouwer's Fixed Point Theorem, Mechanism for Attaining Walrasian Equilibrium-Stability and Uniqueness, Competitive Equilibrium and Pareto Efficiency

Prescribed Text Book

1. Dutta, Prajit K. (1999) *Strategies and Games: Theory and Practice*, MIT Press, Cambridge.

Supplementary Readings:

1. Mas-colell, Andreu, Michael D. Whinston, Jerry R. Green (2006) *Microeconomic Theory*, Oxford University Press, New Delhi.
2. Varian Hal R (2009), *Microeconomic Analysis, 3rd edition*, W.W. Norton, NewYork
3. Materials Provided by the teacher on Welfare Economics and General Equilibrium