DEPARTMENT OF ECONOMICS AND PUBLIC POLICY

COURSE CATALOGUE

SEMESTER II

2019-2020

Central University Of Himachal Pradesh
[ESTABLISHED UNDER THE CENTRAL UNIVERSITIES ACT 2009]
PO BOX: 21, DHARAMSHALA, DISTRICT KANGRA - 176215
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Contents

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.

Credit Requirement

For completing MA degree programme the student is required to accumulate 80 credits. The distribution of credits is as follows:

Course Type		Credit Required
Core courses	Compulsory (50%)	40
	Open (15%)	12
Elective courses	Specialization (20%)	16
	Open Elective (5%)	4
Foundation courses		
	Human making (5%)	4
	Skill development (5%)	4
Total credit requirement (100%)		80

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

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.

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, Hetroscedasticity 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, Hetroscedasticity, 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.

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: Income and growth, Concept of human development, Structural features.

UNIT II   **(15 Hours)**

History, Expectations and Development: Complementarities, Increasing returns, competition, multiplicity and International Trade; Theories of Economic growth: Classical growth theory, Harrod-Domar model and 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)**

Economic inequality: measuring economic inequality, Inequality and development; Poverty and under nutrition: first principles and functional impact of poverty; Population growth and development; Rural-Urban interaction and migration

UNIT V   **(10 Hours)**

Capital and technical progress; Dualism, centre-periphery models and process of cumulative causation; Population and development; Financing economic development: financing development from domestic resources; Foreign assistance, debt and development.

Prescribed Text Books

1. Ray, D. (1998). *Development Economics*, Princeton University Press.

2. Thirwall, A. P. (2006). *Growth and Development with Special Reference to Developing Economies*, 8th Edition, Palgrave Macmillan, New York.

Supplementary Reading:

1. Todaro, M. P. and Smith, S. C. (2003). *Economic Development*, Pearson Education Limited, New Delhi.

2. Basu, Kausik (1998), *Analytical Development Economics*, Oxford India Paperbacks, New Delhi.

3. Ghatak, Subrata (2003). *Introduction to Development Economics*, 4th Edition, Routledge Taylor & Francis Group.

4. Sen, Amartya (1999), *Development vs. Freedom*, Oxford University Press, London.

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, Lindahk 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, New York
3. Materials Provided by the teacher on Welfare Economics and General Equilibrium