

ADVANCED ECONOMIC THEORY
SEMESTER - v

Unit I: Decision making under Oligopoly: (12 Lectures)

Cournot's Model, Collusion: Cartels and Price Leadership, Game Theory: Nash Equilibrium and Prisoner's Dilemma, Public Goods Games.

Unit II: Theory of Factor Pricing: (14 Lectures)

Factor Pricing in Perfectly and Imperfectly Competitive Markets, Theory of Economic Rent, Wage Determination under Bilateral Monopoly and the Role of Collective Bargaining, , Loanable Funds Theory; Risks, Uncertainty and Theory of Profits.

Unit III: General Equilibrium and Social Welfare: (12 Lectures)

Interdependence in the Economy – General Equilibrium and its Existence-The Pareto Optimality Condition of Social Welfare, Marginal Conditions for Pareto Optimal Resource Allocation, Perfect Competition and Pareto Optimality; - Kaldor- Hicks Compensation Criterion - Arrow's Impossibility Theorem.

Unit IV: Economics of Information: (12 Lectures)

Economics of Search: Search Costs, Information Failure and Missing Markets - Asymmetric Information: The Market for Lemons, Adverse Selection: Insurance Markets, Market Signaling, The Problem of Moral Hazard, The Principal-Agent Problem, Efficiency Wage Theory.

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Unit I: IS-LM Model: (14 Lectures)

Money Market Equilibrium: The LM Curve; The Product Market Equilibrium: The IS Curve, The IS and LM curves combined – Factors influencing Equilibrium income and the interest Rate, Monetary influence: Shift in the LM schedule- Real influences: Shift in the IS schedule; Relative Effectiveness of Monetary and Fiscal Policies: Policy Effectiveness and the Slope of the IS schedule - Policy Effectiveness and the Slope of the LM schedule; Aggregate Supply Curve, Aggregate Demand Curve and Determination of Price level - Phillips Curve.

Unit II: International Trade: (12 Lectures)

Classical Theory of International Trade, Haberler's Theory of Opportunity Cost; Heckscher – Ohlin Theory of Trade - Terms of Trade: Gross, Net and Income - Law of Reciprocal Demand and Offer Curves- Equilibrium Price in International Trade, Commercial Policy - Tariffs and their effects.

Unit III: Open Economy Macroeconomics: (12 Lectures)

Determination of Exchange Rate in Foreign Exchange Markets: Fixed and Flexible, Nominal and Real Exchange rate - Mundell - Fleming Model- the Impossible Trinity; - Purchasing Power Parity Theory. Balance of Payments: Components, Disequilibrium and Adjustments - Currency Crisis.

Unit IV: Public Economics: (12 Lectures)

Public Goods, Externalities, Market Failure- Role of the state - the Coase Theorem - Principles

of Taxation: Ability to pay-principle and Benefit Principle -Concepts of Impact, Incidence and Shifting of a Tax – Dalton’s & Musgrave’s concepts of Tax-Incidence - Demand and Supply Theory of Incidence, Excess Burden of Taxation.

GROWTH AND DEVELOPMENT PAPER – I

SEMESTER – v

UNIT-I Meaning of Development (12)

Development and related concepts: economic growth, economic development, human development, sustainable development, Sen’s views on development, Millennium Development Goals (MDGs); Measurement: Income indicators and their limitations, Human Development Index, Gender-related Development Index

UNIT-II Theories of Development (14)

Rostow’s stages of growth, Big push, Critical Minimum Effort, Coordination Failure and Multiple equilibria, Harrod-Domar growth model, Structural change and Lewis’ model of unlimited supplies of labour, Solow’s growth theory, Schumpeter’s theory of development.

UNIT-III Issues in Development (10)

Rural-urban divide, development and environment, inclusive growth, rural credits, microfinance, infrastructure in development

UNIT-IV Poverty, Inequality and Development (14)

Measurement of poverty, Head-Count Index and Poverty Gap Indices, policy options for alleviation of poverty, measurement of income inequality, economic growth and income inequality – Kuznet’s inverted U hypothesis, impact of inequality on development, informal sector.

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UNIT-I Population and Human Resources (14)

Demographic transition, microeconomic household theory of fertility, approaches to population policy, Human Capital and its role in development, Health and Nutrition in development

UNIT-II Structural Transformation (12)

The Kuznets-Clark thesis, Causes of urbanization, migration and development, policies for the urban informal sector, women in the informal sector, Role of agriculture in economic development, policies for rural development

UNIT-III International Aspects of Development (14)

Trade strategies for development: export promotion versus import substitution, financing of balance of payments deficits, foreign direct investment and multinational corporations, foreign portfolio investments and developing countries.

UNIT-IV Agencies of Development (10)

Market, State, and Voluntary sector as agencies of development, Types of Planning – Changing role of development planning, Models of development planning, Gender budgeting.

Role of International Agencies in development – World Bank and IMF – structural adjustment and stabilization, WTO

INDIAN FINANCIAL SYSTEM

SEMESTER - v

UNIT-I OVERVIEW OF THE INDIAN FINANCIAL SYSTEM (10 lectures)

Definition and Meaning of the Financial System - Components of the financial System: Institutions, Instruments, Markets, and Services; Functions and Role of financial system; Financial

System and Economic Development - Indicators of Financial Development: FR, FIR, NIR and IR.

UNIT-II FINANCIAL SECTOR REFORMS & RBI: (10 lectures)

Review of Financial Sector Reforms (Narasimham Committee Report 1991 and 1998) - Monetary Policy of the RBI: Objectives – Recent Developments in the Monetary Policy - Transmission Channels of Monetary policy.

UNIT-III BANKING & NON-BANKING FINANCIAL INSTITUTIONS: (10 lectures)

Commercial Banking: Developments in Commercial banking sector since mid 1980s – Management

of Non-Performing Assets (NPAs) ; Capital Adequacy Norms - Basel Accord III.

Overview of Development Banking and Non Bank Finance Companies (NBFCs) in India.

UNIT-IV FINANCIAL INSTRUMENTS (15 lectures)

Traditional Instruments: Equities, Debentures and Bonds; Hybrid Instruments; Different types of Bonds such as Floating Rate Bonds, Zero interest bonds, Deep Discount bonds, Inverse float bonds.

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UNIT-I MONEY MARKET: (07 lectures)

Money Market: Components of organized money market – Call and Notice Market, Treasury Bills Market,

Commercial Bills Market, Markets for Certificate of Deposits, Market for Commercial Papers, Market for Inter-Bank Participation Certificates, Discount Market and Market for Collateralized Borrowing and Lending

Obligations - Features of Indian Money Market.

UNIT-II CAPITAL MARKET& FOREIGN EXCHANGE MARKET: (08 lectures)

Capital Market: Structure of the Indian Capital Market – Recent Developments in the Primary Market – Recent Developments in the Secondary Market - Overview of Debt Market in India – Interlink between Money Market and Capital Market. Foreign Exchange Market: Constituents/ players in the market – its functioning and growth.

UNIT-III THE DERIVATIVES MARKET IN INDIA (15 lectures)

Meaning of derivatives – Participants in the Derivative Markets – Hedgers, Arbitraders and Speculators – Significance of Derivative Markets – types of financial derivatives: Forwards, Futures, Options and Swaps - pricing of derivatives: Pricing of Futures and Pricing of Options - Derivatives trading in India.

UNIT-IV FINANCIAL SERVICES & REGULATION (15 lectures)

Financial services – Insurance, Mutual Funds, Lease Finance, Merchant Banking and Credit Rating. Regulation of the financial system: RBI, SEBI, and IRDA.

ELEMENTARY MATHEMATICS AND STATISTICS FOR ECONOMIC ANALYSIS

SEMESTER - v

UNIT-I Lectures: 13

A: Microeconomic Applications of equations and Graphs

Linear Demand and Supply Curves
Taxes, Price elastic and straight line demand curves
Nonlinear Demand and Supply Applications
Budget Line

B: Derivatives and their applications

Derivatives
Higher order derivatives
Increasing and decreasing functions
Optimisation of economic functions

UNIT-II: Lectures: 10

Linear Algebra

Matrices and basic operations on matrices
Rank of a matrix
Inverse of a matrix
Cramer's rule
Input-Output Analysis
Linear Programming Problem

UNIT-III: Lectures: 12

A: Measures of Central Tendency and Variation

Arithmetic Mean, median and mode,

Measures of Dispersion: Range, Quartile Deviation, Mean Deviation; Standard Deviation; Lorenz Curve

B: Commercial Statistics

Brokerage, Commission and Insurance

UNIT-IV: Lectures: 10

Elementary Probability Theory

Sample space and events

Mutually exclusive, exhaustive and complimentary events

Conditional probability

Binomial probability distribution

Normal distribution

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UNIT-I Lectures: 13

Multivariate functions

Functions of several variables and partial derivatives

Second order partial derivatives

Optimisation of multivariable functions

Constrained optimisation with Lagrange multiplier

Marginal productivity, Income and price elasticities of demand

Homogeneous production functions and returns to scale

Cobb-Douglas production function

UNIT-II: Lectures: 12

Integral Calculus

Integration and Definite integral

Economic applications

Present value of cash flows (present value of a sum to be received in future and present value of a stream of future income)

Consumers' and Producers' Surplus

Learning curve

UNIT-III:

Correlation and Regression Lectures: 10

Karl Pearson's Correlation Coefficient

Spearman's Correlation Coefficient

Method of Least Squares and Regression Lines

Regression Coefficients

UNIT-IV: Lectures: 10

Index Numbers and Time Series

Simple and composite index numbers

Construction and uses of index numbers
Laspeyre's, Paasche's and Fisher's Index numbers
Cost of living index numbers-real income – wholesale price index number
Splicing of index numbers
Components of time series
Estimation and forecasting of trend by the Least Squares Method

EVALUATION OF ECONOMIC IDEAS

SEMESTER - v

UNIT – I: Pre-Classical School (06 Lectures)

Mercantilism: Main features. Physiocracy: Natural Order, Tableau Economique, Taxation.

UNIT –II: Classical Period (14 Lectures)

Adam Smith: division of labour, theory of value, Capital Accumulation, Distribution, Views on international trade. David Ricardo: Theory of value, Theory of Distribution, Doctrine of Rent, Views on international trade. Thomas r, Malthus: Theory of Population. Karl Marx: Materialistic Interpretation of History, Theory of value, Surplus Value, Profit and Crisis of Capitalism.

UNIT – III: Reconstruction and Neo-Classical (14 Lectures)

Jevons, Menger, Walara, Boham Bawerk, Pigou: welfare economics
Marshall: Consumer's Surplus, external and internal economies, Quasi Rent,
Schumpeter: Role of entrepreneur and innovation

UNIT – IV: Keynesian Ideas (12Lectures)

The aggregate economy, Liquidity Preference Theory and Liquidity Trap,
Marginal Efficiency of Capital, wage rigidities, underemployment equilibrium,
Role of Fiscal Policy: deficit spending and public works, Multiplier Principle

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UNIT –I: Economic Thought of Koutilya (06 Lectures)

Koutilya on Economic Policies, Welfare State, Principal of Taxation

UNIT –II:Economic Ideas of Dadabhai Naoroji, Ranade, Gokhale, R.C.Datt and Agarkar (14 Lectures)

Dadabhai Naoroji's Theory of Drain
Ranade's case of Protection
G.K. Gokhale on development and welfare
R.C. Dutt on Imperialism, Land Tax and Public Finance
Gopal Ganesh Agarkar

UNIT – III: Economic Ideas of Phule, Gandhi and Ambedkar (14 Lectures)

Mahatma Phule's views on agriculture, reasons of farmer's poverty
Self Sufficient Village Economy, Appropriate Technology,
Containment of Wants, Bread Labour, Dignity of Labour, Trusteeship, Swadeshi,
Women Empowerment, Sarvodaya, Role of the State, Relevance of Gandhian Economic
ideas in present contest.
Ambedkar's case for state socialism, Problems of Rupee, Public Finance

UNIT – IV: Nobel Prize Winners in Economics (12 Lectures)

Myrdal(1974), Robert A. Mundell(1999), A. K. Sen(1998),
Joseph Stiglitz(2001), Paul Krugman(2008)

INTERNATIONAL ECONOMICS: THEORY AND POLICY

SEMESTER - v

UNIT-I: Trade Theories (12 Lectures)

Inter-regional and International trade; Importance of international trade; Comparative Cost
Theory; Heckscher-Ohlin Theory; Leontief's Paradox; Technological Gaps and Product Cycles;
Linder's Theory of Trade; Emergence of intra-industry trade - Krugman's Model

UNIT-II: Trade Policy (12 Lectures)

Case for Free trade and Protection; Tariffs- meaning and effects; Theory of Optimum Tariff; Non
Tariff Barriers and their effects- Export Subsidies, Import Quotas, Voluntary Export Restraint,
Dumping and Commodity Agreements; Strategic Trade Policy.

UNIT-III: Factor Movements and International Capital Flows (12 Lectures)

Factors determining labour and capital mobility; challenges and issues in outsourcing;
Classification of International capital flows -(ECBs, short term borrowings and lending, FDI,
FPI); social issues in international business- trade and environment, trade and labour issues;
Global FDI trends and prospects

UNIT-IV: Foreign Exchange Market (12 Lectures)

Meaning and functions of foreign exchange markets; Spot and forward exchange markets
including hedging, speculation and arbitrage .
Exchange rate theories-Purchasing Power Parity Theory, Balance of Payments Theory;
Emergence of floating exchange rates; Exchange rate management in India; exchange rate risk.

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UNIT-I: Balance of Payments (12 Lectures)

Structure of Balance of Payments; Disequilibrium in BOP –Deficit and Surplus; Types and
Causes of Disequilibrium; Measures (Monetary and Non-Monetary) to Correct Disequilibrium in

the BOP; Marshall- Learner Conditions.

UNIT-II: International Economic Institutions (12 Lectures)

IMF- financing facilities and policies, SDR, Conditionality.

WTO- functions, objectives and principles; Agreements with respect to TRIPS, TRIMS, GATS

UNIT-III: Economics of Integration (12 Lectures)

Forms; Objectives of Economic Integration; Theory of Customs Union-Trade Creation and Trade Diversion effects; Cartels; Trade Blocs- ASEAN, EU, NAFTA, SAARC; Regionalism Vs Multilateralism.

UNIT-IV: Economic crisis and lessons (12 Lectures)

Concepts of financial liberalization and globalization; Currency Crisis- Meaning and effects with reference to East Asian currency crisis; European Monetary Union and the Euro Area Debt Crisis - Restructuring sovereign debt: challenges and issues; Global Financial Crisis (2007-09).

CORPORATE FINANCE

SEMESTER - v

UNIT-I Overview of Corporate Finance (12 lectures)

Corporate Finance: Meaning, Principles and Goals - Agency Problem and the Control of the Corporation (Corporate Governance) - Role and functions of a Financial Manager – Forms of Business Organization: Sole Proprietorship, Partnership, Corporation.

UNIT-II Sources of Corporate Finance (12 lectures)

Equity Capital – Internal Accruals – Preference Capital – Term Loans – Debentures– Different Types of Bonds – Hybrid Financing.

UNIT-III Capital Budgeting & Investment Decisions (10 lectures)

Capital Budgeting: Meaning, Features and Significance - Time value of money - Capital Budgeting Techniques: Simple Pay Back Period (PBP), Discounted Pay Back Period (PBP) and Comparison between them, Average Rate of Return (ARR).

UNIT-IV Modern Methods of Capital Budgeting: (10 lectures)

Net Present Value (NPV) and Internal Rate of Return (IRR) - Comparison between NPV and IRR methods – Profitability Index.

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UNIT-I Dividend Policy: (12 lectures)

Meaning of Dividend and Dividend Policy – Reasons for Paying Dividends – Constraints on Dividend Policy – Payout Controversy (Relevance/Irrelevance of

Dividends) - Alternatives to Cash Dividends: Scrip Dividends (Bonus Shares), Stock Repurchases and Stock Splits.

UNIT-II Financial Statements: (10 lectures)

Financial Statement: Basic Concepts, Composition of Balance Sheet, Income Statement and Cash Flow Statement.

UNIT-III Ratio Analysis: (10 lectures)

Ratio Analysis: Meaning, Significance and Limitations of Ratio Analysis –Types of Ratios: Liquidity Ratios (Current, and Quick/Acid Test) - Turnover or Asset Management Ratios (Inventory Turnover, Fixed-Asset Turnover and Total Assets Turnover) - Debt Management or Financial Leverage Ratios (Debt and Debt-Equity) and Profitability Ratios (Gross Profit Margin, Net Profit Margin, Return on Total Assets and Return on Equity).

UNIT-IV Market for Corporate Securities: (12 lectures)

Meaning and Significance of Capital Market – Structure of Capital Market in India - Recent Developments in the Primary Segment and the Secondary Segment of the Indian Capital Market – Debt Market in India – Role of SEBI in Regulation of Capital Market.