

Syllabus for Economics

MICRO ECONOMICS

Recent Development in Demand Theory: Pragmatic approach to demand analysis-Constant Elasticity demand function-distributed lagged models of demand-Nerlov's model-Houthakker's and Taylor's model-Linear expenditure system-Inter temporal choice.

Consumer Behaviour under Uncertainty and Risk: Measuring risk-risk lover-risk aversion-risk neutrality-St.Petersburg paradox-Neuman-Morgenstern utility Index-Friedman-Savage Hypothesis-trade off between risk and return-the investor's choice problem-the household portfolio decisions of uncertainty-the state preference theory-Bandwagon effect-Snob and Veblen effect-Cob-Web theorem.

Theory of Production and Costs: Short run and Long run production function-Homogeneous production function-Linear homogeneous production function and CES production function-technological progress and production function-labour deepening, capital deepening and neutral technical progress-Cost function-cost minimizing input choices-properties of cost function-Economies of Scale-Learning Curve.

Market Structure: Perfect and Imperfect Market-Perfect Competition-Monopoly-Monopolistic Competition-Collusive & non-collusive models-Oligopoly-with homogeneous product and with non-homogeneous product-Chamberlin's, Sweezy's Kinked Models-Bertrand's-Cournot-Stackel-berg's models-Duopoly.

Theory of Games-Strategies-Zero-sum Game and non-Zero-sum Game-Prisoner's Dilemma-Nash Equilibrium. Game Theory-Applications-Issues in Game Theory.

Information Economics: Asymmetric Information-The market for Lemons-The Principal Agent Problem-Moral Hazard-Adverse Selection-Screening and Market Signalling

Theory of Distribution, General Equilibrium and Welfare Economics

Theory of distribution: Neoclassical approach to distribution- Marginal productivity theory:

Product exhaustion theorem: Euler's theorem and the 'adding up' controversy – Clark-Wicksteed-Walras product exhaustion theorem – Keynesian or Neo Keynesian theories of distribution or Alternative distribution theories: Kaldor- modified model of Pasinetti –Alternative widow's cruse models- Classical theory of distribution-The Ricardian model – Marxian theory –Modern theory of distribution or post Keynesian theory of distribution-'degree of monopoly' by Kalecki – theories of wage- theories of interest-theories of profit.

General equilibrium: Interdependence in the economy – partial and general equilibrium – Walrasian general equilibrium – two-factor, two-commodity, two-

consumer general equilibrium model. – existence, uniqueness and stability of general equilibrium – Brouwer's fixed point theorem.

Welfare economics: Criteria of old social welfare economics-growth criteria-cardinalist criteria- Bentham's criteria- Pareto optimality- New welfare economics-Kaldor –Hicks compensation criteria-Scitovsky criteria-social welfare function-Bergson-Samuelson-Arrows impossibility theorem-Pigouvian welfare economics-point of bliss-theory of second best-Rawlsian concept of justice-Coase theorem.

Marginalist Controversy and Managerial and Behavioural Theories of the Firm: Hall & Hitch-Full Cost Pricing-Gordon's attack on Managerialism-Bain's Limit Pricing – Sylos Labini's Limit Pricing-Baumol's theory-Marris' model-Williamson's-Cyert and March's behavioural model.

MACRO ECONOMICS

Aggregate Demand Consumption Function: Keynes' Psychological law-Absolute & Relative Income Hypothesis- Kuznet's consumption puzzle-Fisher's Inter-temporal choice model-Permanent Income hypothesis-Life cycle hypothesis-Investment Function-MEC & MEI-Neo-Classical Theory of Investment-Tobin's q- ratio-Modigliani-Miller theory-classical approach to demand for money-Quantity theory – Fisher's equation, Cambridge Quantity theory-Keyne's liquidity Preference approach-Post Keynesian approaches to demand for money-Friedman's restatement of Quantity theory of money-approaches of Baumol and Tobin supply of money-Money multiplier process-Behavioural and endogenous money supply model –Fisher effect.

Macro Economics in an Open Economy : ISLM Analysis in an open economy – Foreign Exchange Market – Determination of Exchange Rates: Fixed Vs Flexible – Pegging of the currency – Balance of Payment/ Accounts – Disequilibrium in BOP – Depreciation, Appreciation, Revaluation, Devaluation, J-curve Effect – BOP in Keynesian Analysis – Exchange Rates – Money and Capital Flows in an Open Economy – Mundell Fleming- Keynesian Model – Monetary and Elasticity Approach to Balance of Payments.

Classical versus Keynesian Approach:

Classical: Labour market-Employment and output-Say's Law-interest rate-neutrality of money and classical Dichotomy. Keynesian Fixed Price Models-Keynesian Cross model-Liquidity Trap-fiscal and monetary Policies- Crowding out Effect

Labour Market: Classical versus Keynes- Keynes Effect and Real Balance Effect. Inflation –Types-causes-inflationary gap-Demand pull and Cost push inflation-Phillips curve-Lipsesy's excess demand model-The Samuelson-Solow modification of the Phillips curve-Tobin's views on Phillips curve-strategies to control inflation and deflation-Neo-Keynesian Analysis((Disequilibrium model): Walrasian Vs. Keynesian Models. Effective demand and National Demand-Incompatibility of Walras Law and Neoclassical Synthesis of Keynes's General theory-Disequilibrium models of Robert Clower-Leijonhufvud's, Barro-Grossman and Malinvaud.

Current Controversies in Macro Economics : Keynesian Counter revolution – Dual Decision Hypothesis, Walrasian General Equilibrium – Neo-Keynesian Quantity Constrained Model – Rational Expectations – New Classical Macro Economics – Supply side Economics – Business cycles- measurement- endogeneous theories (Hicks, Goodwin, Kaldor)- exogeneous theories- Real Business Cycle Approach – financial cycles (Minsky)- growth cycles-New Keynesian Economics.

Macro Economic Policy: Objectives of Macro Economic Policies – Target Variable and Instrument variable –Main Policy Instrument – Monetary Policy Vs Fiscal Policy- Okun's Law – Budget Deficit – debt dynamics-Domar instability condition- Ricardian equivalence monetarisation of the debt- contemporary macroeconomic debates in India and the world- Crowding out Effect and Government Budget – Income Policy – Stabilisation Policy – New Cambridge Approach.

Theory of Demand and Supply of Money : Classical and Keynesian Approach to demand for and supply of money – Post Keynesian Approach – Real Balance Effect – Pigou, Patinkin, Baumol, Friedman and Tobin – Arrow-Debreu model- overlapping generation model of Samuelson- cash in advance model of Clower-Monetarism and Fiscalism – Money supply in an open economy – High Powered Money – Money Multiplier – Control of Money supply – Behavioural Model of Money supply – Endogenous Money supply theory.

INDIAN ECONOMY

Performance since Independence , across Crops and Zones- Institutional Structure – Land Reforms-Farm Size and Productivity- Agriculture Inputs- Technological Change in Agriculture –Sustenance of Agriculture Growth, - Green Revolution-Agriculture Finance, Credit, Role of Co-operatives, Agriculture Marketing, Pricing – WTO , Impact on Agriculture- Agrarian Crisis- Food Security, New Agriculture Policy- Growth and Pattern of Industrial Development- Industrial Stagnation, Old and New, Debates- Trends in Industrial Productivity—Industrial Financing -Industrial Policies – Privatization and Disinvestment- Cottage and Small Scale – Globalisation and Technology Transfer- SEZ

-ICT based Industrial development strategies= Sources of Service Sector Growth- Infrastructure, Physical and Social, Status and Policies --Transport - Energy – Telecommunication – Technology– Information Technology - Research and Development- - Health and Education.

Fiscal, Financial and External Sector/ Issues

Fiscal Deficit, Trend and Significance- Fiscal Policies- Critical Appreciation – Central-state Fiscal Relationships, Thirteenth finance Commission, Major Recommendations -Recent Budgets (2 to 3 years)- Parallel Economy-- Financial System, Banking and Insurance – Capital markets -Critical Appraisal of Monetary and Financial Sector Reforms – Financial Inclusion- Analysis of Price Behavior, Inflationary Trends- Petroleum Product Pricing- Structure and Direction of India's Foreign Trade- Balance of Payments, Post 90 Trends- Exchange Rates, Trends – Policies-India and WTO- EXIM Policy-FII & FDI IN India-role of MNCs.

Economic Planning in India Planning and economic development-Objectives of planning-Techniques of planning -Achievements of planning- Bottom up and Step down approaches in planning- Evaluation of Five Year Plans-NITI Aayog and its Vision Documents- Welfare programmes announced in the last two Union Budgets.

Economic Reforms Since 1991 -Background of economic reforms- Washington Consensus- Industrial policy reforms- Trade policy reforms- Fiscal policy reforms- Financial sector reforms- Foreign investment policy reforms- Second generation economic reforms-An appraisal of India's economic reforms- Post reform Infrastructure Investment Models-PPP- Cooperative federalism with special reference to GST.

A profile of Kerala Economy since its formation –Model of Development –Structural changes in Kerala Economy – Demographic changes – ageing – health – migration – poverty unemployment- transformation in labour culture –migrant labour in Kerala, social security of labour -Emerging issues– policies- land reforms -formation of SEZs-- Kerala & WTO – Fisheries and Plantation sectors-land market in Kerala–People's plan – role of Panchayat Raj – ICT and development-tourism-women empowerment-role of micro finance-Privatization and human capital formation- Kerala's higher education- Environment Degradation- Fiscal Crisis.

Quantitative Methods

Measure of Central Tendency: Mean-Median-Mode-HM- GM-Weighted HM -weighted GM- Dispersion-Range-QD-MD-SD- Skewness & Kurtosis, Correlation-Simple Linear Regression Analysis –Multiple regression analysis.

Linear Algebra Different types of functions and its graphs, Constant Linear, Quadratic, Cubic, Polynomial, Exponential and logarithmic functions. Applications of linear

functions in Economics- Vectors and Matrices, determinants, solution of a system of equations - Inverse method and Cramer's rule- Rank of a matrix-characteristic equations and characteristic roots and vectors.

Probability theory- Concept of Probability- Different approaches of Probability: Classical, Empirical and Axiomatic approaches- Theorems of Probability: Addition and Multiplication Theorem- Conditional Probability –Bayes' theorem- Random variables and Probability distribution, Mathematical expectation- Probability Distributions: Discrete and Continuous Distributions: Binomial, Poisson, Multinomial, Negative Binomial, Lognormal, Pareto and Normal distributions-properties and applications.

Population and Sample-sampling and sample designs-theoretical basis of sampling-methods of sampling- Parameter and Statistic–Measurement and Scaling techniques-Sampling Distribution and Standard Error-Central limit theorem-Distribution of Sample mean, Student's t, Z, χ^2 and F distributions- Theory of Estimation: Point estimation and Interval estimation-Properties of good estimator-Testing of hypothesis- Null and alternative hypothesis- Type I and Type II errors – Critical region –Level of significance-Power of test – Procedure of testing of hypothesis- χ^2 Test of goodness of fit, χ^2 test for independence – Tests of significance for attributes –Tests of significance for large samples and small samples - Analysis of Variance techniques- F test and ANOVA –One-way and Two way classification.

Analysis of Variance- Meaning, assumptions-One way classification and Two way classifications, simple applications. Allocation models - Linear Programming problem – formulation of LPP, Solution of LPP using Graphical and simplex method. Big M Method for solving LPP involving surplus variables - Duality in LPP its properties and its interpretation – shadow prices.